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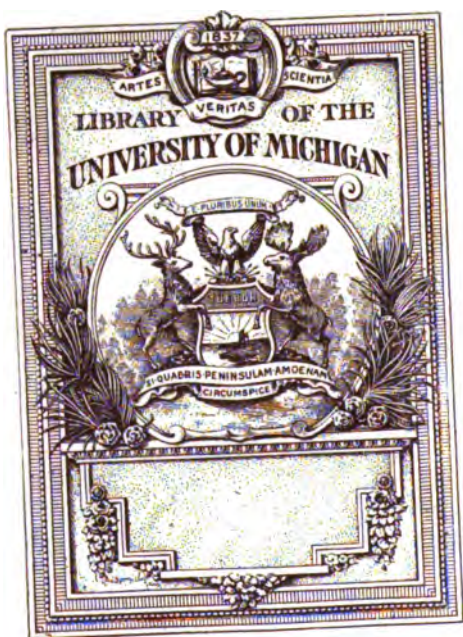
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THE ECONOMIC REVIEW

VOLUME XVII

THE
ECONOMIC REVIEW¹⁰⁴³⁹

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REV. J. CARTER
H. A. PRICHARD
REV. H. RASHDALL
REV. J. M. THOMPSON

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CHRISTIAN EDUCATION IN ELEMENTARY SCHOOLS.

“**A**ND what shall be their education? . . . Shall we begin with music?’ ‘By all means.’ ‘And when you speak of music, do you include literature or not?’ ‘I do.’ ‘And literature may be either true or false?’ ‘Yes.’ ‘And the young should be trained in both kinds, and we begin with the false?’ ‘I do not understand your meaning,’ he said. ‘You know,’ I said, ‘that we begin by telling children stories which, though not wholly destitute of truth, are in the main fictitious.’ ‘Very true.’ ‘You know also that the beginning is the most important part of any work, especially in the case of a young and tender thing; for that is the time at which the character is being formed and the desired impression is more readily taken.’ ‘Quite true.’ ‘And shall we just carelessly allow children to hear any casual tales which may be devised by casual persons, and to receive into their minds ideas for the most part the very opposite of those which we wish them to have when they are grown up?’ ‘We cannot.’ ‘Then the first thing will be to establish a censorship of the writers of fiction, and let the censors receive any tale of fiction which is good, and reject the bad; and we will desire mothers and nurses to tell their children the authorized ones only. Let them fashion the mind with such tales, even more than they would the body with their hands; but most of those which are now in use must be discarded. . . .

“‘He who has received this true education of the inner being will most shrewdly perceive omissions or faults in art and nature, and with a true taste, while he praises and rejoices over and receives into his soul the good, and becomes noble and good, he will justly blame and hate the bad, now in the days of his youth, even *before he is able to know the reason why*; and when reason comes he will recognize and salute the friend with whom his education has made him long familiar.’”¹

These well-known extracts from one of the greatest of all discussions of education supply the necessary basis of all theoretic superstructure. We are bound first of all to consider

¹ Plato, *Republic*, 376-377, 401-402; Jowett's translation.

what the child is capable of receiving, and by what means religious and moral principles can be implanted. We cannot hope for success if we insist on first teaching the child what we see to be the logical foundations of the edifice we hope to rear. The presumption is that what comes first in logic should come last in instruction. It is so in every other case, and we may expect to find that it is so here. The logical bases of Christianity are no doubt the great doctrines of the Church; but that is no reason for trying to teach them first of all to the children whom we would educate as Christians; rather it is a reason for keeping them in the background until the experience which shows them to be necessary has already filled the mind. To begin with the doctrine of Baptismal regeneration, or our membership in the mystical body of Christ, is to do our utmost towards making those conceptions permanently unintelligible and valueless. The form of words in which they are expressed must be to the child a mere form; and, once the habit of regarding it as a mere form has taken root, it is almost impossible to endue it with significance. I venture to suggest that the inefficacy of our Christian belief—its total inability really to govern our lives—is partly due to the fact that we very early became accustomed to certain forms of words, such as the Catechism and the Apostles' Creed, which we came to understand sufficiently to perceive that they "make sense," but which failed to lay hold on our emotions and our wills, because we were used to them before our spiritual nature was developed enough to express itself naturally in that manner. How many people effectively believe in "the communion of saints"? Why does a living Church hark back to the first six centuries or the pre-Reformation period, except because it has no vital faith in "the Holy Ghost"?

If we study the method by which Christianity was introduced into the world, we shall find that it was the true educational method. The truth was imparted *secundum modum recipientis*. Bishop Gore has told us that the New Testament was written for an already existing Church, and presupposes that Church. That is quite true, but it is also quite irrelevant. The

teaching given by our Lord in Galilee was not given to an already existing Church, and did not presuppose that Church. No one can fairly claim the Lord's authority for the method now advocated by the "Church party," unless he is willing to add that the records of our Lord's life are so hopelessly falsified that the historical basis of Christianity is and must for ever be an unknown quantity. If any reliance can be placed on the Synoptic Gospels as historical documents, it is immediately manifest that Jesus did not begin His ministry by laying down those doctrines on which, as some moderns would have us believe, any superstructure of Christian faith ought to rest. The teaching of the Lord, at any rate in the early days, concerned a type of character to be cultivated, a type of life to be lived, a relation to God to be realized; and all this was expressed, not in abstract logical form, but in paradoxical precepts and living pictures, which derived their power very largely from the personality and life of the Teacher.

It is presumably to fill the place of that personality that dogma is introduced; but, if so, the aim may be good, but the effort is futile. That place can only be filled by the Christlike character of the teacher. Nothing can be a substitute for personality. But if the teacher is religious, the pupil will learn, first to reverence him, and then to reverence the Being to whom the teacher's reverence is given. The hope to create real reverence by any form of words, or any sacred names, is frustrate; there must be mystery in the object of our reverence; but the only effect of stereotyped phrases is to crush out the sense of mystery with the false conceit of understanding. Let such forms of words—definitions, creeds, the like—be present to the mind of the teacher; but let not the children learn them by heart.

I am not pleading for Undenominationalism as a religion for grown-up people; I am pleading for it as the fit and proper religion for children. When grown-up people refuse to make any use of doctrine, they cut off from their religion one whole function of their nature, and that too one of the highest functions—the scientific intelligence. Of course no doctrine is

adequate to the experience it seeks to summarize; but to ignore it on that account is to leave the experience vague and unstable. Doctrine is unquestionably a part of adult religion. But it by no means follows that it is necessarily, or even advantageously, a part of a child's religion; that religion ought no doubt to be rational, but it need not and should not be reasoned. Perhaps this last point may be somewhat elaborated.

No greater mistake can be committed in dealing with such a question as this than to make a clean division between the emotional and the intellectual, as though one could exist in entire independence of the other, and as though one could be added to the other from without. If we urge, as I am urging, that in the case of children our appeal should be mainly to the emotions, we must see to it that we make this appeal in such a way as to render possible its evolution into a fully reasoned belief. The principles hereafter to be understood must be embodied now in precept and narrative, so that the child's whole nature may become accordant with those principles, approving and condemning as they suggest,—

“even before he is able to know the reason why; and when reason comes he will recognize and salute the friend with whom his education has made him long familiar.”

How is this to be accomplished? How, in fact, was it accomplished for the Christian Church? First came the Person of the Lord, and then the theory of that Person; but first the fact, the presentation. It is, of course, irrelevant to urge that the preaching of the apostles in the early ages was not apparently a presentation of the facts of the Lord's life, because the early Church lived in daily expectation of the Second Coming, and the details of our Lord's life were consequently not treasured and dwelt upon as they began to be when the hope of seeing Him face to face grew more and more remote. And it is in any case impossible to suppose that St. Paul's laboured dialectics played a part in his missionary labours at all comparable to his burning enthusiasm and his heroic endurance. Argument is powerless to effect either religious conversion or moral

regeneration. The apostles were made Christians by the life of the Lord, and their converts were made Christians by the lives of the apostles. It is the teacher who is of primary importance, not the teaching. But that does not mean that the teaching is indifferent; it only means it must not consist of arguments, or of the formal conclusions of arguments. It must be living and personal; it must be acceptable to the imagination and emotions, and it must express or embody the truth which reason "when it comes" is to extract from it. If that truth is the Christian doctrine, then the teaching given to children should be the story of the life of Christ, taught with the minimum of explanation and the maximum of reverence.

How is this reverence to be obtained? Not, I think, by formal tests; no doubt a formal test may avert the danger of the very worst calamities, but it introduces an element that is better kept away. And, indeed, the worst calamity of all—teaching by a scoffer—is not avoided by a test, because a man who will scoff when giving instruction in the life of Christ will hardly be unwilling to comply with any test, if compliance is the necessary condition of appointment; whereas, on the other hand, a man whose conscience will not allow him to comply insincerely is unlikely to abuse his position in the school. What is needed is that whatever person or persons are responsible for the appointment should impress most earnestly upon the teacher the sacredness of the charge committed to him, and put it seriously to his conscience whether he can in honour undertake it. The training colleges, too, both Denominational and Undenominational, should be permeated by religious influence, and preparation for giving religious instruction should be included in the ordinary course. If the State undertakes to give this instruction, it is bound to take steps to make it efficient.

The teaching of children is in any case a high and difficult art, and the religious part of that teaching is probably the most difficult. This is, perhaps, forgotten by those who urge that the clergy should in all cases be allowed to enter the school and take the religious instruction. At a public meeting held recently

to discuss this subject, a speaker was loudly applauded for saying that if a clergyman is incapable of teaching little children he ought to be ashamed of himself. Of course any one can make children keep quiet while he talks, but we shall make no progress in this matter until we recognize frankly that we are concerned with a very difficult art, and that what is appropriate to grown-up people is very likely harmful to children. It is easy to make children learn by heart definitions of religious terms; but that can only do harm, however true and admirable the definitions may be. To give full instruction in religion is a task that will require all the years of mental growth—all the years before full manhood is reached; the fact that we cannot retain the children so long is no excuse for inflicting upon children doctrine which can hardly be received by any one under the age of eighteen or thereabouts. And it is only so long as this doctrine is the subject of instruction that teaching can be regarded as easy, for only then is it possible to use formularies that can be learnt by heart.

On this subject it may be worth while to quote what was said by a man of almost unequalled experience—Sir Joshua Fitch. Addressing the Women's Diocesan Conference at the Church House, Westminster, on "The Sunday School of the Future," he said—

"I am afraid that some of you will think me a heretic, when I repeat here what I have often said before, that I attach small value to catechisms as educational instruments. We never employ them in teaching any other subject than religion. And the reasons are obvious. They are stereotyped questions and stereotyped answers, both in a fixed and unalterable form of words. They leave no room for the play of intelligence upon and around the subject, or for the suggestion and removal of difficulties. They stand between the giver and the receiver of knowledge, and do not help either of them much. They rather keep them apart than bring them together. They furnish to all unskilful teachers an excuse for not taking the trouble to frame questions of their own. Moreover, a printed question and its answer taken together form a statement, either of doctrine or of fact; but either the question or the answer by itself is only half of that statement. And we ask our children to learn the answer without learning the question. Thus the passage committed to memory is incomplete and often unintelligible. Here again I would fain appeal to your own

experience. We are all tempted to fall back on mechanical methods, on verbalism, and on set lessons. They are all so much easier than real exercises of thought. But, as a matter of fact, do you, or would you, if you did not happen to be teachers, find that the fragmentary answers which you learned in the Catechism abide in your memory, and help you much in your religious life? On the other hand, what hymns, texts, and verses are they which have become, as years went on, substantial and permanent factors in the formation of your character, in solacing you in the hours of weakness, in helping your devotions, and in inspiring your life? It is to this test that we ought oftener to bring our own theories as to what should and what should not be learned by heart in a Sunday School. Let us ask ourselves honestly the questions: Was I aided much in the formation of my religious convictions, by being called upon in youth to stand up and affirm a number of theological propositions which I only imperfectly understood? When religious truths came home to my intelligence or my conscience as a child, did they come more effectively as abstract statements of truth, or in the form of concrete examples? When I look back on the work of my own religious instructors, do I find that I learned most from their formal lessons, or from the influence of their character and their sympathy, the near contact established between their mature and my immature intelligence, and the affectionate interest they showed in my spiritual welfare? The replies to these questions will be found most instructive to those who hope to succeed as Sunday School teachers."¹

"Abstract statements of truth or concrete examples"—that is the alternative; and if we choose the latter we are choosing the kind of instruction that is so obnoxiously called Undenominational. If we could only clear our minds of catchwords, and, without reference to the party cries of Churchmen and Nonconformists, impartially consider what teaching we would wish to be given to children, regarded, not as a prize of sectarian victory, but as children whom we would train to be Christian citizens, a solution of our problems would easily be found.

Moreover, we need not rest entirely on our own estimate of the natural and fit order in religious instruction; we have the authority of the Divine method followed in "the education of the world."

¹ *Educational Aims and Methods*, pp. 383-385.

"This training has three stages. In childhood we are subject to positive rules which we cannot understand, but are bound implicitly to obey. In youth we are subject to the influence of example, and soon break loose from all rules unless illustrated and enforced by the higher teaching which example imparts. In manhood we are comparatively free from external restraints, and, if we are to learn, must be our own instructors. First come rules, then examples, then principles. First comes the law, then the Son of Man, then the gift of the Spirit. The world was once a child under tutors and governors until the time appointed by the Father. Then, when the fit season had arrived, the Example to which all ages should turn was sent to teach men what they ought to be. Then the human race was left to itself to be guided by the teaching of the Spirit within."¹

The conclusion thus definitely urged by one great educationist and implied (here at any rate) by another is fully elaborated by the great American psychologist, Professor G. Stanley Hall, in his *Adolescence*; his name carries the more weight because he is one of the leading opponents of the purely secular system of America.

"Children's religious conceptions," he writes, "should at least not be systematized or stereotyped, or growth will be checked. The Bible for childhood should be pure literature, with no trace of dogma. It is simply bad Bible pedagogy that makes children precocious and strident sceptics about the grand stories and miracles of Scripture, while tales from Homer, Shakespeare, Greek tragedy and Dante maintain their sway over the heart, unchallenged by the callow intellect. The Bible moves, edifies, and shapes the soul, and we are content to leave it to expert scholars to inquire how much or how little historical validity it has; and, whatever their verdict, it will have little effect on our feelings or practical relation to Scripture. The havoc that dogma has wrought in the religious nature and nurture of the young by regarding the Bible as a text-book of theology rather than a guide to life, as itself literally inspired rather than the most inspiring of books, is none the less disastrous because well meant. The very idea of orthodoxy of belief in this field or of formulated creed is ominous for youth. . . . The sins of orthodoxy against youth were relatively unknown in ancient Greece or in ancient India, but are a peculiarity of Christian lands and countries."²

¹ Dr. Temple, *Essays and Reviews*, p. 6.

² *Adolescence*, pp. 318, 319.

"Our Bible comes nearer fulfilling this (the pedagogic) ideal than any other literature. Despite its deviations, redundances, and gaps, when measured on such a programme, it depicts the development of the "Man-soul" in a way which, if it is rightly understood, leaves the best classics of the best races far behind. The Old Testament begins with the myth of cosmic origins, and passes to the agricultural and pastoral stage of Cain and Abel, the heroics of Abraham, Isaac, and Jacob, Moses and Joshua, the royalty of Saul, David, and Solomon, the legal stage of law and justice which so appeals to boys, to dawning prophecy, etc. It is all objective, strenuous, full of incident, battles, dramatic incidents, and with a large repertory of persons. There is fear, anger, jealousy, hate, but not love, and it depicts an age of discipline and authority. Later comes the adolescent New Testament stage, with its altruistic motives; and, last, the philosophic age of Pauline and other doctrines which appeal to the intellect. All this is normal and in pedagogic sequence, the order of which should not be reversed, as is so often done in religious teaching. So, too, Jesus should be taught at first as a kind, noble, but natural man, for the attribute of divinity makes Him uncanny and sometimes monstrous to the child. But later the supernatural side of His being is necessary to fit the age when the heart and intuition so far outstrip the callow intellect."¹

With this quotation we may well conclude this part of our subject. The upshot of the discussion is that the religious instruction of children should be non-dogmatic, but given by trained teachers in a reverent spirit. One lingering objection may still be removed, because its removal will make the point still clearer. It is urged that all teaching of children must be dogmatic. Yes—if by "dogmatic" is meant "definite and authoritative;" but it need not and should not be dogmatic, if by "dogmatic" is meant "doctrinal and systematic." There has been a vast amount of equivocation on this point. No one desires religious instruction to be vague or hesitant, or conveyed in problematic as opposed to assertoric propositions; what we contend is that because it is dogmatic in the sense of "assertoric" it need not, therefore, be dogmatic in the sense of "formally defining." Let the teaching consist of "concrete examples," not of "abstract statements of truth"—for we are not concerned

¹ *Adolescence*, p. 360.

with the question, What should a Christian man believe? but with the question, What should a Christian child be taught? It is precisely in order to secure a more vital belief in the great doctrines of the Church that I would urge the Church to forbear from pressing those doctrines on children who cannot understand them; for if once the habit has been formed of repeating the statements of those doctrines without any real understanding of their meaning, it will be hard indeed to overcome that habit, and make the doctrines live again in the power of their truth and their splendour.

There are two further grounds on which I would base the same appeal. We, who are members of the Church of England, are members of a national Church which is itself a branch of the Church catholic. If we are to remain national, we should rejoice to find that at least in the education of our children we need not distinguish ourselves from other Christian bodies in our country. We find that, to whatever denomination they are to belong, their souls' health requires teaching which all denominations desire to give. I say that, if we are to remain national, we should rejoice at this. And at this moment it is of the highest importance that we should remain national. The nation is becoming more and more individualized, is learning to live less as a mere collection of persons and more as an organic society. Is this new corporate individual to have an organ of religious life or not? If so, we must maintain the national character of our Church, even though to do so we have to forego some of its distinctive characteristics. I will not develop this line of argument, because it leads us far beyond the scope of our subject. I only submit that there is now great and growing need of a national Church, and that a national Church would rejoice to find any sphere of work where its divergences from other Christian bodies are irrelevant.

And our Church is a branch of the Church catholic. For this reason also we, who are members of it, should rejoice at being able to emphasize the fundamental identity of all Christian belief. We can neither expect nor desire that one interpretation of the gospel should become universally accepted at any time

short of the final consummation; it is not to be hoped that the unsearchable riches of Christ should be expressed in any Church formulary, or fathomed by any one body of men at any one time. If Christ is what the Church asserts that He is, it is necessary and even desirable that the further interpretation of His Work and Person should be indefinitely various. But if in this matter of elementary education we come to see that all interpretations deal with the same material, we may at last be able to discuss points of controversy, not with sectarian bitterness, but in friendly co-operation in the search for fuller truth; and the ideal of the catholic Church, one tree with many branches, may seem less hopelessly remote. We may then see that all the doctrines—Pauline, Petrine, Jacobine, Alexandrine—are fragmentary and inadequate formulations or analyses of the same truth, which, in all its fulness of material, though without analysis, we set before the children whom we would fain so educate that the same mind may be in them which was also in Christ.

I am not discussing the Education Bill of 1906. I cannot avoid the conclusion that it was prompted by a spirit of sectarian bitterness and revenge; and we all know that it has been opposed by a demand for sectarian justice. But not even justice between the sects should be considered here. There is one question at stake, and one only—How shall we train our children to be Christian citizens? In the heat of political strife this cannot be profitably discussed; but we may hope that, when the storm is passed and the atmosphere is clearer, this subject may engage the earnest attention of the leaders of the Established Church and of the Free Churches. And then, I expect, it will be found that the Christian education of a man requires all the years of his growth, from early childhood to full maturity; that, if that time is not allowed, it is still better to give to every age the instruction suited to it than to force upon the child what is appropriate to the youth; and that for children up to the age of fourteen or rather more, with very few exceptions, the most suitable form of teaching is by precept, parable, and history—the form ill called “Udenominational,”

but which I would rather call National and Catholic, for, indeed, it is the only national element in our Church, and the only catholic element in Christendom. This last conclusion, at any rate, is commended to us by both the strength and weakness of a child's receptivity, by the providential method of educating the world, by our Lord's method in His ministry, by the nationality and catholicity of our Church. We are not concerned with the strife of the sects, nor even with the merits of their several doctrines, but with the question how we are to educate our children to be Christian citizens in a State which some of us are visionary enough to hope may one day be a Christian State.

W. TEMPLE.

BOURNVILLE.

"**T**O come to Bournville restores my faith in human nature," said a visitor; and though further acquaintance saved his faith from credulity, that first impression was essentially just. The usual approach to Bournville from Birmingham lies at first along a broad, handsome road refreshed with lime trees, carrying the fragrance of country to within a mile or so of the centre of the city. This—the great road to Bristol—just cuts through Edgbaston, one of the most beautiful suburbs in England. Edgbaston grew up under the vigilance of the Calthorpe family, who saw to it that the rich should enjoy there the stately beauty of gardens and trees, the decent privacy, the atmosphere of good breeding, which are among the best things that money can buy. Prudent stewardship adds riches to the individual as it might to the community; with the growth of the town and the falling-in of leases, the value of the property has enormously increased.

Further south there is a sharp change, when the road enters the industrial district of Bournbrook and Selly Oak, where (as in thousands of such places) a great population suddenly appeared, and was hurriedly housed before any one (except those only too deeply interested) realized what was happening. At once there flashes on the visitor's mind the monotonously familiar story. He does not need to be told the weary round and heavy burdens of local government, all the heart-breaking leeway to make up, nor the wretched palliatives—the vast workhouse, the high rates, and the relief funds, which grow more necessary and more inadequate every year, to the puzzled dismay of the charitable. Yet' it is by no means a bad example of its class; main street and side street are both much better than is often the case; well-wooded country is close.

Not many miles away are the splendid playgrounds, which Birmingham owes partly to the Earl of Plymouth and partly to the younger generation of the Cadbury family—the pretty and open Lickey Hills.

On the other side of Bournville runs another main road, less important and pleasant than the Bristol road, but passing through the same vicissitudes. Along it the redeeming features are fewer, the squalor greater, the stupidity of rotten building more flagrant. Here, too, the country that is left is very pleasant and richly wooded. Miles of streets have been recently cut and built; the houses first built look already old and ramshackle, and a large percentage are always empty, waiting till the place is ripe for further development as a slum. Farther out, where this speculative land adjoins Bournville, the building seems to get better, the rents go up with the gradient, the empty houses are fewer, and the tenants of a better class. On this side progress, longer delayed, has come faster; the more bitter will be its fruits, the heavier the bill to pay.

The growth of the whole district has been phenomenal, and is destined to be greater yet. For purposes of local government, Bournville is included in the King's Norton and Northfield Urban District—a great, sprawling area without centre or even axis, just a chance collection of suburbs, comprising over 20,000 acres. The total population has increased from 19,000 in 1881 to 77,000 in 1906. The whole area is marked out for development, the amount of "room" in all the open spaces calculated; *e.g.* on the west of Bournville there is "room" for another 30,000. In a neighbouring parish we are assured there is "room" for a quarter of a million.¹ The Housing Deputation which recently waited on the Government, in enforcing the plain sensibleness of "town-planning," took Bournville as their working example. They might also take the surrounding district as a working example of the need of it. Probably before any reform comes the examples will have greatly gained in point.

Whether, coming south out of Birmingham, you go by the more westerly Bristol road or the more easterly Pershore road,

¹ I take these figures from the *Birmingham Daily Post* of Nov. 22, 1906.

you reach Bournville through districts which show clearly enough the folly of uncontrolled development artificially fostered by profit-seekers; you see how speculators are encouraged, for their own immediate gain, not only to deface a pleasant land, but to lay a heavy burden of cost on a neighbourhood—to cripple the lives of a great population at compound interest, both in administrative expense and in the impoverished material of future generations. The class which is compelled by its labour (or impelled by its taste) to live in such districts has the conditions of its home life fixed by those least fitted for the momentous work—frequently by a builder, untrained except in the technique (and tricks) of his trade, who has probably set up on borrowed money, and can only keep going by the constant erection and speedy sale of houses. Variety to him is trouble and expense, beauty is nonsense. If an architect is employed at all, he perhaps prepares one perfunctory plan for endless multiplication. Even in better-class building many a foreman is taught the tricks by which the architect's vigilance may be escaped—the signs made behind his back to give the trade interpretation of his orders. The wisdom of control, whatever limitations may come to light with fuller knowledge, is apparent on crossing the border. Houses, if small, can be pretty and well built, and decently set out in bright gardens. Ample open green can be left, and every street planted with trees, for the poor suburb as for the rich. That first impression was right. It does restore your faith, not so much in the power of lofty ideals as in human common sense, honesty, forethought, and arithmetic.

The general appearance of the village is well known. Every house has its private garden. In the few cases where the laying-out of the village has not left enough ground adjoining the house, the deficiency is met by allotments. Practically every garden is well kept; the wealth of flowers is a perpetual delight. The bright little houses are generally in blocks of two. The Bohemian will chafe at the prim tidiness of it all. We gladly allow him the revenge of a jest; it is fair game. But we will show him that individuality finds scope in it, and get him

to contrast it with the spurious tidiness of great blocks of "dwellings," which remind me of nothing so much as the hopeless parcels into which a zealous maid arranges the papers on a desk which have given offence to the feminine eye. The display may or may not be better; but there is an order infinitely preferable to either. Here the orderliness is saved from becoming monotonous both by the pleasant undulations of the land and by the surprising variety of the architecture. The old trees have been preserved wherever possible; single, or in line, or in groups (there is a pretty group on the village green, round which are the largest buildings), they add grace and charm to nearly every view. Every street is bright with trees, bushes, and flowers.

On a clear view the variety of design is seen to be largely the result of restless experiment, remarkable alike for its abundance and general success. Such a reaction against the deadly monotony of most small house property is natural and right—no further proof is needed than that the villagers love to carry out their individual preferences in their gardens. Men do not grow in identical patterns, to be planted out in symmetrical beds; but their endless varieties need room to spring to their due blossom. It is where there is least flowering that they look most alike.

One of the minor interests of the place is to watch the experiments towards a satisfactory architectural unit. The reaction against monotony does involve a certain restlessness in the designs; the semi-detached block (which is in a great majority) seems specially difficult to maintain at a high level of invention. Larger blocks enable a sense of dignity and proportion to temper the lightness and freedom. To get the same qualities in a smaller block means larger and more expensive houses, of which, too, there are some charming examples. Notable among them is the beautiful *Saint George's House*:¹ the fine beech and the ragged pines are as integral a part of the picture as the great gable and the broken roof with its richly weathered tiles. Among the smaller houses, perhaps, the mind returns with most satisfaction after long acquaintance to the

¹ The fitting home of the quarterly *Saint George*.

blocks of four. One of these is greatly superior to the others in the possession of a central entry, which is essential to the due privacy of the backs.

One of the ideals of Bournville is that the various classes of society within its borders shall be mixed together—a healthy protest against the separation common in suburbs. The result of this is that the rent of “cottages” varies from 4*s.* 6*d.* a week to £55 a year. To estimate the total cost of the houses to the tenants it is necessary to add rates at about 6*s.* 4*d.* in the pound, and water rate; the lowest rent with these additions becomes about 6*s.* a week. There are at present only fifteen houses as low as this. It is not safe to set the value of garden produce in every case against the rates, owing to variations in soil (which are very considerable), and in the tenants’ skill, leisure, and industry; but in nearly all cases there is a substantial return, and in many of the smaller houses sufficient to cover the rates. The practice of leaving the rates to be paid by the tenant is very commendable in every way; their inclusion in the rent, though convenient, has probably done much hurt to citizenship. But the difference it makes in classifying small house property must be borne in mind. The rents (not including rates) are as follows:—

15 houses at	..	..	..	..	4 <i>s.</i> 6 <i>d.</i> or under.
62 “ from	..	..	..	..	4 <i>s.</i> 6 <i>d.</i> to 5 <i>s.</i> 3 <i>d.</i>
122 “ “	..	..	..	..	5 <i>s.</i> 3 <i>d.</i> to 6 <i>s.</i>
77 “ “	..	..	..	..	6 <i>s.</i> to 7 <i>s.</i>
51 “ “	..	..	..	..	7 <i>s.</i> to 8 <i>s.</i>
74 “ and shops over	..	..	..	..	8 <i>s.</i>

It will be seen that the great majority are over 5*s.*, or with rates 6*s.* 6*d.* If this were clearly realized, there would be less misconception as to the purpose of the village. In spite of the clear statement of Mr. Barlow in the official booklet, it is still generally believed that Bournville is reserved for the employees of Messrs. Cadbury. In 1901 it was calculated that less than 40 per cent. of the villagers were employees. Since then the proportion has decreased; there is no sign of any movement among them to settle in the village. Seeing that they number practically twice as many as the *total* population of the village,

it is obvious that the village could not house any large proportion of them—even (probably) of those who could afford the rents. They reap the advantage of healthy conditions; the firm find the village a good advertisement—"Bournville Cocoa is produced under healthy conditions by British workpeople in the garden village," an honest and honourable claim. The village, on the other hand, gets none of the inconvenience which so large a factory might easily produce. Since the installation of Mond gas, there is practically no smoke, though the east wind at times has cocoa in his wings. It may well be doubted whether any benefaction of our time has been as generously conceived, as full of hope towards the prevention of social ills. George Cadbury has built himself an enduring monument in six hundred homes, and given the rich opportunities of happiness which come with clean and bright surroundings, many of them bringing up children who, but for him, would never have had their chance of expansion. For such a monument the rich might wish to live (and be willing to die) if it were not for disabilities inherent in great possessions.

The value of the estate handed over by Mr. Cadbury to the Village Trust is estimated at £225,000. The wise conditions under which the estate is to be administered are well stated in the foundation deed. The chief point in it is the provision of "dwellings for the labouring and working classes," such dwellings to occupy about one-fourth part of the sites on which they are respectively erected, the remaining portions to be used as "gardens or open spaces." The whole nett income is to be used "in laying out the estate, building houses, and in purchasing other estates . . .," "and the income in course of time will so increase as to admit of almost unlimited extension." Building is rapidly proceeding, though it must be noted that much of it is beyond the reach of "the labouring and working classes," also that the Trust is allowing a certain number of houses to be built on land let for a 99 years' lease. The original 143 houses were built on land let on a 999 years' lease. The creation of private ownership is one of the chief difficulties in all such enterprises, and it had to be given up. Now the 99 years'

lease is being allowed in a very few cases as a compromise. But in the great majority of cases the Trust is simply the landlord. There is one respect in which the expansion of the village seems to have been too rapid; or, at least, one cause for which it might have been postponed. A good deal of the building has been contracted out, not only in houses owned by the Cadbury family on the estate (and administered by the Trust), but even in houses built by the Trust. This has resulted in some of the work not being of the best possible character, and causes unnecessary depreciation. It would have been best if every bit of building had been as good as it could be, even if the extra cost had retarded the expansion. Any loss would have been more than compensated by the knowledge that the Trust could guarantee all the work put into their estate, and so had set the highest standard. Besides, the dilapidation charges would have been reduced, and a valuable experiment might have been made in freeing the building trade from the curse of irregular employment.

We can measure posterity's gratitude to Mr. Cadbury by what our own would have been, if wealthy manufacturers of a century ago had also turned their minds to the manufacture of happy and healthy citizens—if for suburban slums we too had had Bournville, far less expensive to govern, and bringing in a rich income to the community. The benefactors would have found a really "productive investment," and we should have had (as Ruskin dreamed) "a national store" as well as "a national debt." Mr. Cadbury has made the first contribution on a large scale to such a national store.

In a very true sense this is "a gift to the nation;" but the phrase is sometimes wrongly thought to imply more than it does. The Trust is controlled by the Cadbury family, subject to the oversight of the Charity Commissioners. The deed of foundation provides that, after the founder's death, two out of the seven trustees shall be representative of local bodies—one of the Birmingham city council, and one of the local district council. The duties of the village council refer only to the amenities of the place. This privacy of control secures the continuity of the founder's policy, but it tends to

depress public activities. Those who have watched the social life of Bournville at all closely know the dangers that attend the goodness of its unfailing benefactors. I can say this quite frankly because the facts are in human nature, and are common experience everywhere—they have no special reference to Bournville, still less to those who are among the kindest and most generous of friends to their fellows. But it may no longer be gainsaid that the best human character is produced by individual energy in a society self-governed, if it be thoroughly and wisely organized for the best possible development of its members. Bournville will gain greatly both as a community and as a social experiment if a scheme can be devised to combine some measure of self-government with security for the continuity of the founder's policy. Benefaction, however noble, cannot supply the full-orbed ideal for the future; it is in its essence transitional. We must always think of Bournville as a fine piece of pioneering. But pioneering is never over, and the next great task is the making of true communities. For that there is not much chance here, with the vast overflow of Birmingham. Bournville may find a new destiny as the heart of an incorporated borough, as has been suggested. But, whatever its future, it stands for all to see and study, a definite proof that a better way of town growth than the old is possible—proof that it is as feasible for foresight to be exercised in public as in private business. The Trust are always ready to give others the benefit of their experience, in planning, building, finance, and so on. They can supply a working proof that municipalities, when they have and can use the power, will be able to buy land and lay out their garden suburbs on a business basis, making more than enough profit to pay the interest on the loan. Men are looking with greater confidence to the example of Bournville, now that its achievement is firing the imagination of practical men, who have hitherto (if they regarded housing reform as “practical” at all) been content with wasteful and futile demolition of slum areas.

Bournville is designed for the skilled artisan. Its contribution to the solution of the housing question lies largely here.

Such suburbs enable such people to get better surroundings for themselves and their children, and will help to relieve the pressure upon the lower ranks. It has also attracted many social and religious workers, and others who are glad to escape the vulgar tyranny of the speculative builder. There are numerous social cleavages serious enough to those at whose feet yawn the tiny gulfs. But there is at present too little corporate life in which, upon certain planes, such differences may disappear. The problem is essentially suburban. A "village" is self-contained, and more or less interdependent; a suburb owes a widely scattered dependence, and hardly has a self at all. Bournville has something of the dormitory character. Probably three-quarters of its breadwinners work outside the village—a half in Birmingham, over four miles away. As the suburbs (industrial and residential) of Birmingham enclose it more and more, this suburban character will naturally increase. Many a resident has been disappointed to find no centre about which Bournville could grow to be something more different from the casual suburb. Various attempts are being made, and some essentials, as we shall see, neglected, to remedy the deficiency.

People living each their own life in business and in private, may yet meet and live a common life on various planes. These may be classified as belonging to the self-government of the community, and the religious, intellectual, and recreative side of its life. Of these, the first is at present impracticable at Bournville, the management of which is divided between the District Council and the Village Trust. Its village council can never attain true dignity till it has real responsibilities. As to the second, a common religious life is no longer possible except in restricted communities. Religious work, of a pronounced evangelical cast, plays a prominent part in the life of Bournville, and comes nearer to unifying it than any agency at present at work. Within a short radius of Bournville are many meetings of the Society of Friends, with their admirable institutions, the adult schools; a large number of villagers work in these and their attendant organizations. Some go to the adult schools in Birmingham, whither Mr. Cadbury himself has

gone for over forty years. All the Cadbury family work loyally and well in these schools, which have won in Birmingham a very remarkable success. The only place of worship in Bournville itself is the Village Meeting-house, the gift of Mr. and Mrs. Cadbury. In part fulfilment of the founder's ideal, the evening meeting is undenominational, its control being vested in the congregation. Mr. Cadbury has given the site for an Anglican church, but it will not be built upon for some years. Just over the border is the Woodbrooke permanent settlement, a noble monument to the open mind and hand of the Society—especially to J. W. Rowntree, who conceived the plan, and Mr. and Mrs. Cadbury, who gave their old home to embody it. At present the Society of Friends is in the position of established church, with all its privileges and dangers. The real danger here is not so much that to belong to the establishment imprints a social hall-mark, as that it should be thought to pay. The mere possibility cannot but be anti-social, for it is as repellent to the independent as it is attractive to the parasitic type of mind. As to the third point, a common intellectual centre is sadly to seek. Bournville has only just got its elementary schools, which were long delayed, while many village children were practically out of reach of any school accommodation. This delay was not of Mr. Cadbury's making, for he has long been anxious that the village should have its schools. What concerns us now is that the opportunity was lost for giving to the young the feeling for the community in which they were being brought up. If the village of the future is to have an independent life, it must grow mainly from the village school. The earlier it had been fostered, the stronger would have been its growth; unfortunately, the neglect has multiplied its consequences in exactly the same way. Now, however, the difficulties are overcome, and the endless munificence of Mr. and Mrs. Cadbury has provided Bournville with as fine a school as is anywhere to be found.

For adolescents and adults there is even less intellectual meeting-ground. The difficulty is increased, no doubt, by the nearness of Birmingham, which provides for the most active

and well-to-do. A very interesting attempt to found a social and intellectual centre is the Ruskin Memorial Hall. This was the outcome of a fund raised by the Birmingham Ruskin Society for a national memorial to Ruskin, to which Mr. Cadbury was by far the largest subscriber. The scheme (drawn up by Mr. J. H. Whitehouse, now Secretary of Toynbee Hall) provided for a library and reading-room, lecture and class rooms; it was to have classes also for arts and crafts, a craftsmen's guild and workshops. But the funds for this scheme were not forthcoming—largely because of the unshakable conviction that Bournville belonged to Messrs. Cadbury, and was reserved for their workers, who might well be left in such good hands—and the building passed to the Village Trust, which has invited the Ruskin Society to send representatives to the committee of management. It has since been used for very miscellaneous purposes, but the committee of management have just opened a reading-room which contains many memorials of Ruskin, given by his admirers. The trustees express the hope that it may ultimately be possible to use the hall in full accord with its original intentions. Meanwhile there is every hope that next year something may be done to focus all the agencies, aspirations, and discontents which abound: perhaps the Workers' Educational Association, which has a strong branch in Birmingham, will be able to do it. There have just been started a continuation school and a village guild, both of which should have their place in a well co-ordinated scheme. The guild programme includes lectures and social meetings. It has succeeded in arranging an afternoon meeting for every week during 1906, except the four summer months. It has over a hundred women members, for whom it does so much to fulfil its aim of providing a common meeting-ground for social and intellectual enjoyment. There is hope of its benefits being extended to men by evening meetings. Good work, including some co-operation and exchange, has been done by the Gardeners' Association; while the flower, vegetable, and fruit shows give proof of remarkable success in gardening, often by men whose interest in it began when a kind fate allowed them a corner of the

garden village to cultivate for themselves. Prizes are given for the best garden in each street. Expert advice and help is available for every tenant. But gardens cannot entirely take the place so ill supplied as a rule by public-house and political club—both happily absent from Bournville. There is very great need of a social club, wisely conceived and well managed. The Ruskin Hall has been greatly in demand for social purposes, and the hope has been freely expressed that it might ultimately be devoted to them; but that is rightly destined for the intellectual centre. Perhaps the two could be combined under one roof; the present building of Ruskin Hall would certainly well lend itself to an extension for the purposes of a club-house.

The omission which strikes one as the most extraordinary is the entire lack of provision for outdoor recreation. Visitors to Bournville find it hard to believe; people who write about it do not, as a rule, know. It is a common but mistaken idea that the magnificent equipment of the works' clubs belongs to the village. It must be remembered that the employees by themselves make a large population, twice that of the village, so that they use their grounds to the full. The need, so richly supplied for the works, is acutely felt by the village. The place grows rapidly, and the birth-rate strikes one as very high. Those who provide increasing material for village sports are the same who will carry on the village life, and the want of those sports will weaken that life. There has long been a playground for children under twelve. Now another small plot has been laid out, and only these same pampered little ones are allowed to bark their elbows and knees on its gravel. Their elders have had to go outside for their play, or into the streets, or on to chance pieces of waste land by the courtesy of the police. The waste ground is now nearly built up. The village green is preserved, and a glorious sight is its golden crocus-bank in the spring. The children cannot, of course, be allowed in well-cultivated gardens; they must roam the streets, and pick up the scratch amusements of the gutter. Thus again a chance is missed of aiding the growth of village life, which few things could have fostered more than the facilities for sharing organized play. No doubt

the children will have at the new schools some of the advantage denied to their brothers. But the older they get, the more obvious, if not more serious, the omission. The younger fellows, and the men not yet past cricket and tennis, have either to go away for their games or to give them up—a bad alternative. There was a flourishing tennis club—the only facility for outdoor sport—and that had but two courts; but the Trust has taken its ground for future development. “Development” being the hope of all surrounding landlords, no other ground could be got, and the club had most reluctantly to dissolve—to the hurt of village life as well as to the disappointment of the players. Along the little valley of the Bourn brook which cuts through the village, a pretty piece of land is reserved for a park. Here, under the auspices of the village council, and the enterprise of individual residents, outdoor entertainments have been held; here, too, are held the shows to which reference has been made. The Trust is now laying it out, and proposes to make room for cricket, football, and tennis. But the lost opportunity can hardly now be regained. Messrs. Cadbury’s works have, by the far-seeing generosity of the firm, a set of recreation grounds which would do honour to any county town or public school; they have their club-houses and very fine pavilion, gymnasium, and baths. It is, indeed, hard to believe, and disappointing to find, that Bournville has none of these things. I emphasize the recreative side of social life as one of the urgent needs of Bournville. The schools, the reading and lecture rooms, the social club, the playing fields,—it is these that cherish the life of a community. It is by them that such common life as is desirable can best be lived; they create an atmosphere of organization and co-operation, a patriotic spirit akin to that of the public-school boy and university man. They teach to pull together, a lesson Bournville has too long neglected to teach.

The first experiment in co-operation is being made by the newly formed Bournville Tenants Limited, on the lines laid down by the Ealing and Garden Tenants. A plot of eighteen acres is being laid out, and building has begun; the limit of houses to the acre is eleven, as against ten in the village now, and eight

originally. This proportion of land to a house is regarded by the Trust as approved by their experience. The Village Trust have given two extra acres for open spaces. Mr. Harvey has recently published a volume of excellent illustrations,¹ which should be in the hands of all who are interested in garden cities, suburbs, and villages. Its plans and details, the result of unique experience and rare adaptiveness, make it almost indispensable, while the pictures make it a delight to the lover of domestic architecture. It is to be regretted that Mr. Harvey has perpetuated the hateful title "model village," which suggests a type of virtue we cannot respect. The use of "cottage" throughout can hardly fail to mislead, especially as full details of cost are not given in the case of the more expensive. Not every rank of society (certainly not the classes for which Bournville is primarily meant) think of £30 to £60 as a "cottage" rent. It tends to obscure what is, after all, the important issue, namely, the provision of real cottages for working-class homes. It should be noted that these more expensive houses are nearly all privately owned—the Trust has no houses over 14s. a week clear. Mr. Harvey gives pictures, too, of his larger buildings, such as the beautiful block of half-timber shops, the Old Farm Inn (a trap for lovers of fermented juice), and the delightfully quaint meeting-house. Opposite the severe Ruskin Hall there stand, crowning the village, the noble schools. The village, from cottage to schools, is a remarkably varied achievement, especially for so young an architect. The plans of the schools were unfortunately altered too late for the final version to be represented. The drawing gives a fair idea of it; one departure from it is much to be regretted. The substitution of light wood frames for stone mullions in parts of the building has marred the harmony of its striking elevations and split up its unity. The stone will outlast the wood; some day, perhaps, the original plan may be fulfilled in this respect. The fine stone belfry was added by the donor after the original tower had been built. It is beautiful in itself, and a tribute to the architect's ingenuity, but not quite harmonious with the original plan.

¹ *The Model Village and its Cottages*: Batsford, London..

Two things known to all visitors fall just outside my scope, and must be left with bare mention: the works' offices, bright and charming (I might have traced the development of the garden village idea in the successive additions to the works, so thoroughly has it permeated the mind of the firm); and the lovely, peaceful almshouses, fit shrine for the memory of Richard Cadbury.

Bournville is a great-hearted experiment. If it disappoints sometimes, it is because it raises expectations too great. It does, as my visitor said, "restore one's faith" in many ways, not least in the emergence of human economics working with a true arithmetic of human terms.

J. A. DALE.

ECONOMIC CRISES AND SOME ASPECTS OF TRUSTS.

IT is one of the most formidable problems of our modern economic life that the greatest crises do not, as formerly, result from a want of, but from an abundance of goods. If we ask the commercial world, we are told that it is easy to increase nearly all the most important products of labour and of the soil, if only sufficient consumers could be found for them. Producing is constantly becoming easier, while selling is becoming more and more difficult.

The confirmation of this fact is to be found on every side. Some countries have to fight against the continually increasing importation of corn, cattle, and meat from foreign shores, in order to prevent serious damage or total ruin to their own agriculture and cattle-breeding. Others, in order to protect their own industries, have to ward off the importation of foreign manufactures. Some political economists already look forward with apprehension to a near future in which South America alone will flood the markets of the civilized world with bread-stuffs and meat, and when the fast-developing industries of Eastern Asia will paralyse European labour through the manufacture of enormous quantities of cheap goods. Whenever foreign labourers are brought into a country, the native labourers cry out against the competition. In prisons, asylums, and workhouses we support a large number of criminals and vagabonds, people who have no work, or who would shirk work if they had it. If we set these people to productive work, we threaten the existence of a like number of free working men. Even in the sphere of mental labour the same fear of an increase of workers is manifested. Officials, doctors, teachers, covertly or freely, make common cause against the adoption by the female sex of these vocations. *Overproduction* is the general complaint.

Overproduction ruins us. It is not the many mouths to be filled that frighten us, but the fertile lands which offer to us their food-stuffs, the many heads and hands eager to increase every variety of goods.

See, again, how the working man is provided for, not merely in the world at large, but in wealthy countries where industries have attained their highest development. How miserably are the large majority provided with housing and clothing, how inadequate is their supply of food! The periodical crises of overproduction seem to show that the misery of the working classes results from the abundance of goods and the multiplication of productive forces. What a paradox! The working classes must suffer hunger because food stuffs are produced in too great quantities! They can hardly cover their backs with rags, because clothing is too abundant; they are cold because of the accumulation of fuel; and many are homeless because building is cheap, and lodgings lack tenants!

That plenty, apart from other causes, should bring about want will never be admitted by sound common sense. But in spite of attempts to deny the fact, experience proves that just when all products are to be had in plenty, then the poorer working classes lack the means to buy, and the manufacturer is unable to find the wherewithal to go on producing whilst employing all his hands. Hence the old proverb, "What avails it that the price of an ox is but a shilling, if I lack a shilling to spend?" It is not the abundance of goods *per se* that produces loss of fortune, want of work, and its concomitant misery, but it is the *heavy fall of prices* which results from a certain increase of products. Even in the infancy of our modern science of political economy, the attention of scholars has been directed to this fact. The large production of wool in England in the seventeenth century brought about such a drop in the price of the commodity that many farmers were almost totally ruined. With the advice of her ministers, Queen Elizabeth, in the name of the State, bought large quantities of wool and had them burned. In the same century, the tobacco-growers of North America had to resort to a similar expedient, and the case of

the Dutch East India Company is well known. They held at that time the whole of the trade in spices in their hands. From year to year they had produced more and more spices, until they arrived at a point when they experienced a loss rather than a gain. Accordingly they resolved to throw large quantities of their goods overboard, and to uproot a portion of their plants. The Corinthian crisis in Greece, in our own days, is a further special exemplification of the paradox which the present fluctuation of prices furnishes.

Gregory King, an English scholar, was the first who, towards the end of the seventeenth century, reduced to figures the curious movement of prices in corn. The following is the famous "King's rule":—

A shortage in corn of $\frac{1}{10}$ raises the price $\frac{1}{10}$					
"	"	$\frac{1}{10}$	"	"	$\frac{1}{10}$
"	"	$\frac{1}{10}$	"	"	$1\frac{1}{10}$
"	"	$\frac{1}{10}$	"	"	$2\frac{1}{10}$
"	"	$\frac{1}{10}$	"	"	$4\frac{1}{10}$

Taking an ordinary corn harvest as 300 units, equalling in value 300 units of gold: if a harvest turns out one-third larger than ordinary, *i.e.* 400 units of corn, then the value of this increased harvest falls to half that of the ordinary, *i.e.* to 150 units of gold. Whilst 3 bushels of corn are worth 3 units of gold, 4 bushels are only worth $1\frac{1}{2}$ units of gold. The whole quantity of bread-stuffs loses in value because, by favour of nature, its quantity has become larger. And at a certain point the money value of the total stock of bread-stuffs is increased, if we destroy part of the stock or withhold it from the market. It is well known to large merchants and brokers that similar laws control the establishment of prices of other products, and that even a small increase in production is followed by a sharp drop in prices.

But, as daily experience proves, this drop does not occur because the goods are really in superabundance; it occurs long before the requirements of the working population are satisfied, even at a time when they are in the most extreme need of these goods. It is therefore astounding that there are

scholars, and even practical men, who continue to maintain that a drop in prices, which brings loss to the producers or reduces the value of the stock, can only occur when the quantity of goods offered is greater than the demand, or at least larger than the demand of those men who are able to give some useful work in exchange. A theory of this kind does not take into account the fact that a real abundance of bread-stuffs—for example, by favour of nature—cannot of itself do us any harm, cannot produce want and misery, but may at the worst be useless to us. But many people deny or hide, even from themselves, a paradox which their reason, as yet, has been unable to solve. The conclusion that a great increase of goods cannot in itself bring about economic crises and misery to the working classes, is a correct one. To deny, however, that such pernicious results could flow from a heavy fall in prices or a depreciation of value consequent upon a plethora of goods is altogether wrong.

It is argued in this wise. If there be an abundance of goods the low exchange and money value is a matter of indifference, for it is not the exchange value of goods which appeases our hunger, but its sufficiency and quality; and like reasoning is applied to all products. Now, if the quantity of all goods were to be doubled while the money income remained unaltered, no harm would be done. A sovereign would now buy double the quantity of goods that it bought formerly. If again, through the progress of science, all goods could be produced in real abundance and the price be reduced to a minimum, then, says J. B. Say, the welfare of all classes would reach its highest point.

These reflections of Say, and of other political economists who appeal to common sense, do not alter the evident fact that a certain fall in prices, consequent upon stocking the markets heavily, brings ruin upon countless producers and merchants, so that it seems as if the very abundance of goods and the facilities for production were the main source of loss of fortune, and poverty, and misery. It is a mistake to deny or argue away these facts merely because they are full of contradictions. It

should rather be the primary object of scientific investigation to probe these phenomena to their roots.¹

We shall now endeavour to show how it is that a low level of prices and a consequent low money income makes it necessary that, despite the abundance of goods, consumption has to be checked, and, despite the abundance of the means of production, production itself has to be restricted.

The question before us is : Why are producers not only induced but compelled to restrict or stop production, or, as the case may be, withhold produce or destroy it, the moment the increase of goods leads to a fall in their exchange value? Or why do they not follow the advice of J. B. Say, and continue the production, as it can only be a blessing to themselves and all the world if they are able to purchase the means of production at low rates, and if they and their workers are able to increase their consumption and keep in hand the means for further new and useful productions? They would really grow richer, and only the nominal expression of value in figures, dollars, and pounds, would appear less. Why, for such an indifferent and empty sound, restrict the production of goods, and in a time of abundance of produce spread abroad poverty and misery?

The answer to this is that manufacturing and commercial undertakings do not work merely with money, means of production, and materials which in a true sense belong to the undertakings. They rather, to a great extent, work largely with entrusted money and goods by way of credit, and they undertake the obligation to repay in money both capital and interest.

¹ The author has discussed these points in the following publications : *Die wahren Ursachen der Überproductions Krisen*, Klinkhardt, Wien, 1892 ; *Das Sinken des Zinsfußes*, Wien, 1893 ; *Rede über das Cartellwesen* (*Schriften des Vereines für Socialpolitik*, 61 Band, 1895), Dunker & Humblot, Leipzig ; *Fundamente der Volkswirtschaftslehre*, Klinkhardt, Leipzig, 1894 ; *Elemente der Volkswirtschaftslehre*, 3 Auflage, Klinkhardt, Wien, 1896 ; *Das Hauptproblem der modernen Volkswirtschaft*, Klinkhardt, Wien, 1899 ; *Elemente der Volkswirtschaftslehre*, 4 Auflage, Wien, Manz'sche, k.u.k. Hofverlagsbuchhandlung, 1903 ; *Gemeinverständliche Nationalökonomische Vorträge, Geschichtliche und letzte eigene Forschungen, Herausgegeben*, von Professor Dr. Edmund O. von Lippmann, Vieweg, Halle, Braunschweig, 1902.

In agriculture the borrowed capital often amounts to two-thirds or three-fourths of the actual funds invested, and in commercial undertakings to even more, in the shape of goods entrusted for sale. Besides, many businesses are encumbered with fixed money obligations, which have the appearance of credit; or they involve restitution of capital and interest to co-heirs or former proprietors from whom the works have been taken over on payment of an original nominal sum. In so far as factories and businesses are encumbered with fixed obligations to restore capital and pay interest at stated times, they cannot look on with indifference if, in consequence of the increase of products, the exchange value of these products drops heavily, and less money is obtainable for what they produce or sell. Creditors and others, who have in their hands bonds for fixed sums, insist absolutely upon their rights, and are not prepared to accept proportionably smaller sums, because the buying power of money has risen and most of the goods are to be had in greater quantity than formerly.

Those political economists who, together with Say, teach that a diminution of money income is of no account so long as products are increasing, nevertheless remain very silent about this point, and do not maintain that creditors and holders of bonds should accept smaller sums as payment of capital and interest. Creditors insist on the payment of the money amounts due to them, even though, on account of their increased quantity, the exchange value of goods may have fallen ever so much, and the buying power of money in relation to consumption and production may have risen considerably. With every advance in economic life there is a sudden great rise in the price of land, businesses, shares, raw materials, coal, and so on; because many new undertakings are launched, and existing ventures are developed and extended, or bought up for fusion into joint stock undertakings. From this cause alone, the demand for means of production grows enormously. In addition, a variety of speculator arises whose aim is not to increase production, but merely to sell to the best advantage the business or means of production he has bought up. The enormous profits to be made consequent upon a rise are brought to the

attention of the public by puffing and advertising, and unlimited credit is at these times easily taken and given. These speculators sell at enormous prices land, properties, shares, or raw materials, and so secure for themselves the cream of the anticipated profits of their enterprises. Hence it happens that throughout nearly every rise in prices the operations of production are burdened with enormous capital and interest obligations. Then it is not even necessary that the production should be greatly increased, or prices fall rapidly, in order to get many of these enterprises into difficulties. And these money difficulties lead to a fall in prices before the production has reached that point in its growth at which the increase of goods should diminish the total money value. The difficulty in paying, in consequence of their great obligations, forces many producers to sell at any price. Creditors become anxious, and refuse to renew bills. Forced sales take place, there is a heavy drop in prices, and insolvency spreads near and far. A bankruptcy epidemic, an economic crisis, breaks in upon production.

It is useless to point out that all those employed in the work of production, *e.g.* contractors and workmen, have done in the fullest measure their duty as producers. It is useless to prove that there is no want of raw material, coal, tools, machinery, and heads and hands ready to work to continue production and further increase goods. Workmen are being deprived of money and credit, factories are condemned to stop work, manufacturers are thrown out of their bearings, and robbed of commercial and financial reputation. Others who may not sink altogether have greatly to reduce their operations. Thus, want of work and want of bread become common, in spite of the abundance of goods and goods-producing forces, and the labourers lack the proverbial shilling which should suffice to buy a whole ox.

But the appreciation of the causes of the evil points the way to the remedy. Consider for a moment the following. If the obligations of factories and businesses on account of capital and goods entrusted to them were to take the shape of a percentage or dividend or share in the production, instead of the liability to return fixed sums of money, then a fall in prices in consequence

of a plethora of goods would bring no harm to any one. Creditors would be converted into sleeping partners or shareholders in the factories or businesses. Credit would assume for the most part the form of a mere share in the dividend of production. Such a reform would go to the root of the evil of the so-called crises of overproduction, the commercial bankruptcy epidemics would be stayed, and the absurd phenomenon of abundance of produce and productive forces existing side by side with poverty and want of work would for ever cease.

Having solved the main question, let us now consider the conditions under which such a transformation of credit into a species of partnership is possible. Some will consider the idea of replacing the present form of credit by a share in the production, and the conversion of fixed obligations to pay into proportionate shares in the results of production, as in general unworkable. For we may assume that every one prefers a fixed money sum—fixed capital and fixed interest—to the right to a dividend, which is a mere share, but not a sum determined in advance. Experience, however, contradicts this opinion. The richer the world gets, the more preference is given to those safe obligations where the debtor—the State—makes no undertaking to pay back the capital. In this case creditors do not desire that the debtor should pay back the capital either soon or at all, for they then would have to find fresh employment for it. It is further noticeable that in times of great financial prosperity, the price of these safe obligations and rents falls, because many holders try to sell with a view to buying shares which promise larger dividends. The difficulty of our problem does not lie here. It is even certain that if all businesses and enterprises could inspire the capitalists with similar confidence, and could offer them such surety as a well-conditioned State, or as the sound joint-stock companies in times of general welfare, then most capitalists would not only be willing but anxious to lend them their capital with a view to a share in the dividend. We have already seen that, through a change of the present credit system into one of partnership in the dividend, production would be freed from fetters which hold it down at present. Then,

with the growth of productive forces, production could be increased, and the general welfare would improve along with the development of science, technique, efficiency of labour and transport. Always, or at least always in times of peace, society would be in a state of economic advancement, and the investment of capital for dividend returns would always have our preference. But though the wealth of the people as a whole would constantly grow, it does not follow that single enterprises and businesses would not suffer, either through their own faults or misfortune—and, through them, those who have entrusted their capital to them in expectation of a share in dividends.

From this, and other reasons to be mentioned later, we must strongly advocate a complete organization of production and business in general, through which single businesses would be freed from their isolation and precarious position, and united as in a mutual assurance compact, and impelled to a reputable course of action through the publicity which would pervade all their dealings. These, assuredly, are the conditions favourable to the reform of our credit system, which would free our economic life from its greatest sufferings. The generalization of the modus of partnership is dependent on a complete organization of business and production.

One might think that it is just in a system of economic unions that the real difficulty of our reform lies; but it will be seen that if the modus of partnership is made the principal purpose of the economic unions, the tendency of our time which flows in this direction will greatly facilitate these organizations, and all the objections generally raised to them will vanish. The prototypes of an organization such as we have in our mind are already to be seen to-day. On the one hand we have the mortgage associations of the great landed proprietors in various countries; on the other hand, the trusts of some great industries, the local and international alliances of trades, and agricultural unions. There are, further, such institutions as the Army and Navy Stores in England. What these organizations of consumers signify for the organization we contemplate, we shall show later

on; meanwhile, we must call attention to the important fact that unions of producers always have to procure the credit they require in a way similar to mortgage associations, and credit has to assume, at least for the greater part, the form of partnership.

With regard to the mortgage associations of the great landed proprietors of any country, the following facts demand our attention. A man who could hardly make up his mind to give credit to any single landed proprietor to the extent of a moderate part of his capital and at a high rate of interest, is eager to take over at a low rate of interest the mortgages of an association of landed proprietors. Nominally the association is the taker of the credit, and is responsible as a union on behalf of its members, who obtain their credit from the association. In a similar way every union, comprising one or several branches of production of any nation, would have to procure credit on behalf of its members. But the credit in question should for the most part be changed into a kind of share in the dividend of the business or production of the whole union, and the union would have to be responsible for proper management to the givers of credit who stand as a species of partner in the business of the union, and in place of mortgages a variety of "shares" would be issued.

We have here to consider the trusts of industry in so far as they have already developed the following forms. Some industrial trusts collect all orders through their office, and they are then divided among the members. The office looks after the sale of goods and the collection of payments. Each establishment, by agreement, performs that part of the production for which it is most efficient. The whole union resembles a joint-stock undertaking, in which every establishment represents a certain number of shares. If the trust decides that one or other establishment has to stop work temporarily or permanently, the respective proprietors or managers suffer as little loss as a shareholder in a joint-stock company which resolves in the interests of the whole to give up one of its establishments.

"*Sapienti sat!*" To those who have the capacity to organize and lead the march of economic reform enough has been said to indicate the changes in our system of credit which are not only

demanded by our epoch but are capable of realization. We have to do here with a problem which is the peculiar work of a few select minds, and it is unnecessary that the general public should understand more of these reforms than to be able to appreciate their general utility.

A deficiency and a superabundance of goods is alike potent to produce disasters or crises in our world economy. These crises have, as a consequence, forced cessation of work in all branches of production in nearly every land, and a consequent general paralysis, which means a useless and fruitless dissipation of enormous labour forces and of means of production and consumption. A real want of goods becomes thereby greatly increased by artificial means, and a great abundance involves for many extreme want and misery. The anticipatory or speculative discounting of future results upon the indication of a rise in economic life produces similar disaster. Real lack of goods, great abundance of goods accompanied by a heavy fall in prices, and finally the tendency to discount future results, are the causes of commercial crises and paralysis, and the consequent destruction of goods and goods-producing forces.

We have now exposed the absurdity of our action in checking work, production, and consumption. This misfortune is caused by almost all undertakings being charged with previously fixed capital and interest obligations, instead of their obligations being proportionate to the result of production. But we have touched upon another question without solving it, and it is this: What circumstances and causes produce the contradiction in our valuation of prices when we estimate as of lower money value a larger stock of goods (merely because it is larger) than a smaller one, so that, according to King's statistical demonstration, 200 units of bread-stuffs are valued at 600 pieces of silver, whilst 300 units are only worth 300 pieces, and 400 units only worth 150 pieces of silver? Lord Lauderdale saw in that mode of valuation of goods an enormous contradiction between the interests of private persons, who look merely to acquiring more and more exchange value, and the interests of the whole people, whose welfare is dependent on the increase of goods. Sismondi

considered the contradiction such valuation involves to be insoluble, but he maintained that the principal source of our economic sufferings must be found in that absurdity. That, he held, must indicate the cause of our periodic crises, our murderous competition, commercial wars, and the battle between labour and capital, and of the total ruin of small operators, and the misery of the masses in industrial countries. Proudhon spoke of the existence of an antinomy, or a law of internal contradiction between the exchange value and the use value; and in his pamphlet, "What is Property?" he considered that this antinomy could only be solved by the abolition of private property in capital and land. Many political economists agree that the existing mode of fixing of prices is absurd, but that it cannot be changed so long as it is necessary in the interests of an increasing development of culture to adhere to the private possession of capital and land, and the determination of prices through free offer and demand. Others, again, explain this unfortunate method of forming prices, either as a psychological law necessary to man in estimating a growing mass of goods, or as a method of valuing goods, which, though contradictory to sound thinking, nevertheless emanates from a right natural instinct.

My own researches, however, have led to a totally different result. Neither in the institution of private property in capital and land, and the fixing of prices through supply and demand, nor in any unchangeable psychological necessity, nor in any instinct governed by utility, can be found the cause of that regulation of prices which, upon a certain accumulation of stock, awards a smaller price merely because it is larger. I maintain that if the sellers of goods on the one hand, and the buyers on the other, would form a union, and through their representatives would treat about the price of the whole stock, or of the delivery of one year's consumption, the existing contradiction in the formation of prices would vanish without men being different to what they are to-day.

Let us consider the following. Suppose the producers of corn, raw materials, etc., through favour of nature or progress

in science or technical skill, were able without raising the cost to deliver one-third quantity more than now. They would address the union of consumers of the respective goods as follows: "We delivered to you during the last year 100 units of goods, and you gave us 100 pieces of gold. As your position is unchanged, we expect that you will give us the same this year. We are now in a position to deliver you, instead of 100 units, 133·3. How much will you give us for this year's delivery, which is increased by one-third?" Can it be imagined that the united consumers would reply in terms of King's rule, as is done to-day,—“For 100 casks of petroleum, for example, we give 100 pieces of gold, but for 133·3 we give 60, 70, 80 or 90, but in any case less than 100 pieces of gold”? It would rather happen that various groups of consumers would make different offers, 120, 110, perhaps only 100, but no group would offer less for the whole larger quantity than was paid for the whole of the smaller.

The united action of buyers, and the fixing of prices once for all for the delivery of a whole year, instead of repeatedly higgling over small quantities, has a truly magical effect in the right direction. But why? If people buy individually and at various times, they do not see clearly what they are doing, and lack the liberty to carry through what they have recognized to be the correct thing. They believe that they are acting economically, and safeguarding their own interests, if in every single case they are buying as cheaply as possible, or if they give as little money as possible for the goods. They do not see that they may reach a point in lowering the price at and below which they experience loss instead of profit. They do not see that if they pay less for a larger quantity, merely because it is larger, they *punish* the seller or producer for delivering or producing more, that they even ruin him and force him to neglect natural agencies that make for wealth, to allow human handiwork to canker and corrupt, and even compel him to destroy goods and sources of production which would have benefited themselves, the consumers. It is furthermore hidden from the consumers or buyers that by a senseless

depressing of prices they partially or totally ruin their own sources of income. With the exception of those who in solvent States enjoy fixed State salaries or interest every one is a seller or producer, or dependent upon trade, manufacture, or other enterprises. If these do well, then there is a demand for all sorts of work and services, and the income of consumers rises. But if, in consequence of increased production, producers are punished by a heavy fall in prices, and have to stop work, then most consumers suffer, by reason of a shrinking of their own income.

The consumers, in thus helping to put down prices without considering the point at which they work the ruin of production, resemble a man who takes a pleasure in cutting down that branch of the economic system which carries him. This illusion and inability to remedy the evil is at once removed if consumers are united, and act in concert with the producers as one organic whole. The connexion between a certain improper cheapening of goods and the destruction of income and property is hidden to the single consumer. Even if he understood the position, he, acting individually, could not help it. If, when prices were low, he resolved to pay more, others would not copy his example, and he would injure himself to no purpose. In connexion with this economic problem it is mere prejudice and superstition to identify detached operations with liberty. Isolation is here only the cause of paralysis, whilst united action would bring light and freedom.

We therefore require two reforms to get rid of the unnatural fetters which up till now have kept in bond the welfare of the people, and have held it doomed to a partial destruction. We must free production from predetermined fixed obligations, and the absurd proviso that it must not take place unless it yields a definite sum. Further we have to correct our wrong notions about the formation of prices, according to which producers are not rewarded, but heavily punished for delivering more goods. These two reforms can only be accomplished by securing more freedom, illumination, and honesty of purpose by means of a system of economic unions. We therefore recognize the efforts

of our times to create joint-stock undertakings, trusts, associations, and unions, as legitimate and necessary. With this admission, we cannot dispute the fact that many reproaches and invidious comparisons between these unions and earlier guilds have some foundation. It is said that the monopolists, trusts, and unions try to make their goods dearer, thereby diminishing the consumption and exploiting the consumers. But in order to keep prices up they must try to prevent an increase in the number of producers, thus excluding many from remunerative employment. Their endeavour is also to push down the classes engaged in commerce into a lower stratum of the population, to which the more remunerative occupations are closed.

After all that we have said about the sources whence emanates the suicidal character of the present competition, and the absurd mode of determining prices, it ought to be superfluous to point out again that trusts, guilds, and unions which adopt and make general the system of profit participation, and a rational method of fixing prices, would no longer endeavour artificially to raise prices, to exploit consumers, to limit reasonable competition, and so exclude any one from remunerative employment. But for many centuries the world has been wont to consider, as a matter of course, that cheapness of goods is a benefit to the consumers, and that a want of goods and a small number of producers must be a benefit to the producers. Once more we must point out, therefore, that this is merely owing to the irrational process which governs the formation of prices, and to the fact that production is so handicapped by fixed obligations, which causes consumers to interest themselves in an absurd way in a perpetual fall in prices, and producers to try and limit their own numbers.

As yet no one has objected to or raised doubts about the results of my researches respecting the sources of our greatest economic sufferings. These results have been recognized as incontestable, from many quarters. But with regard to the means of alleviation suggested, as was to be expected, there is a diversity of opinion. Some say that we have here the egg of Columbus in economical matters, others maintain that organization of

unions of participation and unions to control the formation of prices is too difficult a matter. Others decline the whole thing from practical motives, and would have no action taken in the matter, considering it useless to try to free the masses from their oppression on the ground that the struggle for bread and butter is an unchangeable institution of nature and inseparable from human society.

Only a few more remarks in reference to these objections.

i. To those who consider the prolongation of the misery of the worker to be a necessity, no answer need be given.

ii. It is an undoubted fact that the tendency to bring into existence mighty economic unions of a capitalistic or non-capitalistic character increases from year to year in all highly developed countries. This tendency would become quite general and quickly realize itself if these unions would cease to threaten certain sections of the community. But this menace would at once cease of its own accord, if through economic unions the system of participation and a correct method of the formation of prices were established.

iii. The idea that the lower strata of society would have to undergo further development in head, heart, knowledge, and character ere such a system of unions could take place, is based on a hasty judgment. As a matter of fact the middle and lower classes would have no need to be better instructed or cleverer than they are to-day. The organization of these unions would remain in the hands of a few specially gifted persons, supported by trained officials. There exists a circle of trained men to-day who are endowed with all the efficiency that is needed. The world would reap the advantage of these reforms without any new sacrifice. It has been observed that the unions of consumers would necessitate that every housewife should be cognizant of bookkeeping, which might be a difficulty among the lower classes. But the consumers would only have to answer the question of the producers' unions once a year, and their belonging to a union of consumers would entail no further obligation. Neither is it necessary that the public should commune directly among themselves as a condition of their joining

these institutions: it is not even necessary for them to have a clear perception of their manipulations. The unions contemplated resemble very much the existing insurance companies. Insured people may live in various parts of the world and not know each other, and yet remain members of the different insurance companies. It is not necessary that the public should understand the manipulations of insurance. The public knows little or nothing of the real nature of railways, steamers, banknotes, or the telegraph. But that does not prevent them making use of these institutions and remaining their clients. And even if they bind themselves as clients—like season ticket holders—they have no need to keep books more elaborately than to-day; rather the reverse, as their housekeeping gets more transparent and easier. Neither must one think that it would be very difficult to find out through free contracts the participation of producers in the result of the whole production. As in the present industrial trusts and joint-stock companies, the problem for the unions would be to find out a rough key for these contracts. Our economic life in this respect needs no delicate handling, but may be managed roughly and in general terms. Finesse has become a feature of our financial life because of its artificiality, not because it requires refinement inherently. Imagine the finesse which must be exercised in the formation of prices when a greater quantity of goods, merely because it is greater, commands a lesser price than a smaller one, and brings ruin instead of gain! It will be encouraging for those minds who embrace these ideas to think that it is not the question of reforms of such a nature that their beneficial effects would appear after a generation; for *immediately* every section of the community would have greater facility in gaining a livelihood, and would experience an advance in their welfare contemporaneous with every economic rise.

As I have shown in my writings, these contemplated economic reforms would have an important effect on the ethics of the world. Under a system of union in participation, landlords, capitalists, and, in some degree, officials and workmen would receive their income as if they were shareholders in an universal joint-stock

company, embracing the whole State—to a large extent the world's market. Every one would be highly interested in the prosperity of the collective economy, which, like a mutual assurance union, would bind closely together all single undertakings into a solid whole. Individual interests would, incomparably more than in the present, harmonize with the interests of the community. What an enormous effect it would have on that morality which we call public spirit, and consequently how great the elevating effect on morals in general! This question does not merely involve the question of wellbeing; it touches also the highest and noblest attributes of humanity. In the settlement of the social economic problem lies the solution of one of the greatest ethical problems of the age.

W. NEURATH.

THE POPLAR WORKHOUSE INQUIRY.

THERE is one very obvious comment to be made on the whole of the circumstances connected with the recent inquiry into the administration of the poor law in the Poplar Union.¹ Any one who is genuinely concerned for the raising of the standard of municipal administration will at once agree that it is most unfortunate that a real experiment in a constructive policy of poor law administration should have been thus mixed up with a squalid tale of corruption and misconduct with which it has no essential connexion. To the man in the street the words "Poplar Workhouse" only suggest the grim and sordid farce which occupied so prominent a place in the proceedings of the inquiry. He has before his mind's eye a vision of the guardian drinking his beer in the workhouse cellar, hobnobbing with the paupers over salmon and oysters which have been bought at his expense, or in one instance mistaking for a "pick-me-up" the prussic acid² which the ratepayers had provided for the benefit of the inmates of the workhouse.

That Mr. Crooks and Mr. Lansbury stand acquitted of all charges against their personal integrity³ goes without saying. It was left to the "gutter press" to publish cartoons showing Mr. Crooks drinking champagne and smoking cigars at the expense of the public. Nevertheless, the fact that such charges were brought or insinuated has no doubt produced its effect on the public mind. And the impression made by the newspaper placards which were scattered over London last summer, bearing such legends as "Poplar Workhouse Menu—Oysters—

¹ *Report on the Poplar Union*, by J. S. Davy, C.B., Chief General Inspector of the Local Government Board.

² *Shorthand Notes of the Inquiry*, p. 55.

³ *Report*, p. 40.

Salmon—Stewed Eels,” and so forth, will probably have been eradicated in comparatively few cases by the statement of the inspector that there was nothing in these particular charges to affect the general body of the guardians.¹ The fact is, as Mr. Davy says, Mr. Crooks and Mr. Lansbury—

“are busy men, holding a number of offices which entail continuous work, and naturally would not have time, even if they had the inclination, for doing the routine work of managing an institution like the Poplar Workhouse.”²

The fact remains that corruption and misconduct did exist, and for that the “labour members” of the board (ten only in number out of twenty-four) are in part responsible. This responsibility is also shared by those members of the board whose views on municipal policy differ very widely from those of Mr. Crooks and Mr. Lansbury. The pity of it is that these malpractices are the one feature of the situation which the ordinary ratepayer has managed to get firmly into his head. Poplar Workhouse is held up to public reprobation as the “drunken helot,” the awful example of all that municipal administration ought not to be. It is vaguely understood that some experiments in “socialism” have been attempted. And a public already prone to be suspicious of that ill-omened word draws the ready conclusion that “socialism” as a whole must inevitably be tainted with the improprieties that have been proved against a handful of guardians.

It would, no doubt, be possible to construct a defence which should prove that, even assuming the complete accuracy of all the charges that have been brought, the misdoings of the guardians have not differed in kind from those of many other public bodies. It might, perhaps, be shown that the system of accepting tenders which gave opportunities for so much “finessing” on the part of contractors is not unknown in other unions. Appeal might be made to the Report of the War Stores Commission to prove that corruption is by no means confined to a few of the Poplar guardians. And there are various public

¹ *Shorthand Notes*, p. 107.

² *Report*, p. 40.

bodies which make the public service an occasion, if not an excuse, for eating and drinking at the public expense to an extent which might have astonished the witness who told the inspector that he understood it was "illegal for the guardians even to take a cup of tea in the workhouse."¹ But a defence conducted on these lines would not in the long run be the most advantageous either to Mr. Crooks and his colleagues or to the cause which they represent. "I'm no worse than other people," though a favourite, is always an ineffective answer to any charge, because it is open to the obvious retort, "Why are you not better?"

In the present case, at any rate, the bolder course is also the wiser, namely, to admit frankly that abuses did exist which ought not to have existed, and that those of the guardians against whom no other imputation is made were guilty of sins of omission in not laying bare and putting a stop to these abuses; and to ensure that in future the party of progress in municipal politics shall be unmistakably identified with hostility to every kind of corruption. For to whom are we to look for a higher standard of purity in public life if not to the representatives of labour? The future is with them, and the standard of public honour must be very largely what they make it. As a result of this inquiry, a breeze of public criticism has sprung up against those sordid details of maladministration of which we have heard so much. And this breeze, if not always very wisely directed, is healthy in its tendency. The Poplar guardians are, at any rate, free from the dangers which threaten those of whom all men speak well. It is for them and for other public bodies to turn the recent disclosures to the best advantage by ensuring that the circumstances which made them possible shall not recur.

But the substantial question at issue between the Poplar guardians and their critics is one of policy. It cannot seriously be maintained that the taint of such abuses as have been brought to light is inseparably connected with the policy of the guardians. The line of cleavage between the supporters and

¹ *Shorthand Notes*, p. 100.

the opponents of that policy goes deeper. The position of the latter is thus stated by Mr. Davy—

“Mr. Lansbury’s point of view may be fairly represented by saying that he considered himself as an advocate of a policy first and a representative of the ratepayers afterwards. The guardians were not to confine themselves, in administering the funds derived from the ratepayers, to merely carrying out the obligations enforced by law on every board of guardians, but they were to be pioneers of the movements advocated by the school of thought to which they belonged. But surely the social action required from the guardians is wisely and justly to administer the poor law, and not to use the money of the ratepayers to ‘redress social inequalities’ or ‘to redeem the victims of an unfair social system.’”¹

In passing it may be observed that the antithesis between “an advocate of a policy” and “a representative of the ratepayers” is not so perfect as would appear from the above passage taken by itself, for on the same page we read that since Mr. Crooks and Mr. Lansbury came on the board in 1893, “they appear to have had the support both of the ratepayers and of the guardians.” So that whatever may be thought of their policy, it seems to have been endorsed at any rate by those to whom they were immediately responsible.

But the true answer to the charge is that, in pursuing the policy complained of, the guardians have been administering the poor law as “wisely and justly” as circumstances will allow. The old poor law system, as Mr. Shadwell has pointed out,² has broken down. As long ago as 1601, or even earlier, “England took the first great step in socialism” by recognizing the universal right to live. By the reforms of 1834 a system of poor law administration suitable to the needs of that time was introduced. And it is that system which, owing to the economic changes that have taken place—the enormous increase of the town population, and so forth—has now broken down and become impossible to work. The chronic distress in our large towns, and the almost appalling dimensions of the “unemployed problem,” are a sufficient proof of this statement. The real

¹ *Report*, p. 38.

² *Industrial Efficiency*, vol. ii., ch. xv.

charge against the Poplar guardians is that they recognized this fact, and were prepared to face it. Had the "economic man," that creature of the fancy of political economists of the old school, been in their place, he would no doubt have tried to continue the mechanical working of the old and unworkable system. Not being economic men, but human beings with a public duty to discharge, Mr. Crooks and his colleagues adopted the alternative course. They were bound to administer the existing law, but they were not bound by all the traditions which have been set up since 1834. They were also bound, as Mr. Davy recognizes, to administer it "wisely and justly." And it does not seem an extravagant proposition to say that wisdom and justice require that in the application of the law regard should be had not to the conditions of 1834, but to those of the present day.

It is clear, however, that a task of such difficulty and importance ought not to be left to the enterprise of an isolated board of guardians. The Report shows that there were local circumstances which caused the existing state of affairs to press especially hardly upon Poplar. But the fact remains that, as competent authorities assure us, and the Report itself proves, the old system has had its day, and it is the duty of the State to supersede it with something more suited to modern ideas and modern needs. That the Poplar guardians were ready to meet this state of things, not with mere negation or blank despair, but with a constructive policy, does not relieve the State of its obligation, but rather emphasizes it. Their policy was necessarily somewhat in the nature of an experiment. And it would be unreasonable to expect an experiment carried out under such conditions to be entirely free from mistakes. It is for the State to profit by these mistakes in carrying out the much-needed reforms in our system of dealing with the poor to which it must ere long set its hand. The whole system must indeed be reconstituted, and reconstituted in a spirit very different from that of the hard individualism which held sway in the first half of the nineteenth century. Individualism has proved itself unable to cope with modern problems, and must

give way to socialism. In this connexion it is impossible to overrate the importance of the Unemployed Workmen Act of 1905 (5 Edw. VII., c. 18), in which Parliament admitted the principle that every member of the State has not only the right to live, but also the right to work. This measure, however restricted its scope, and however slight may be its immediate effects, is sufficient to indicate the lines on which legislation will in the future attempt to meet the modern problem of poverty.

In attacking this problem as a whole, Parliament will naturally be in a position to avoid some of the mistakes into which the Poplar guardians have fallen; for they were beset by difficulties which are not in reality incident to the problem, and which would disappear if it were dealt with as a whole. Some of these difficulties were caused by the incompetence or corruption of individuals, others by the system which they found in existence. For instance, Mr. Davy says, "It is probable that the system of contracts in force is largely responsible for the high cost of maintenance."¹ Again, the abuses which attend the present system of contracts might be avoided by taking this part of the work altogether out of the hands of the guardians, as Mr. Crooks and Mr. Lansbury more than once suggested to the Local Government Board.² The reader may be referred to the Report itself for proof that the guardians fell into a number of mistakes, some avoidable, others under the circumstances unavoidable. But these mistakes only prove the difficulty of their task, not that they were ill-advised in undertaking it. The result of the alternative policy may be seen from Mr. Crooks' description of the state to which it had brought the workhouse by the time he took office in 1893. He says—

"The condition of things in the House was almost revolting. Dirt, empty stores, inmates without sufficient clothing, many without boots to the feet, food of the worst possible description."³

It would not be easy to say that the state of things here described was preferable to that revealed by the inquiry. But

¹ *Report*, p. 12.

² *Ibid.*, p. 40.

³ *Ibid.*, p. 13.

even if the policy of the guardians were proved to be an utter failure, which can scarcely be maintained, they would be able to plead that in dealing with the problems set before them they were deprived of the assistance which they might justly expect from an important body of their fellow-citizens. The statistics given in the Report show that nearly half the rates of Poplar are paid by railway companies, dock companies, and other business houses.¹ And so the borough suffers from "absenteeism"—

"The shareholders and owners of the factories did not live in the district, and never gave the benefit of their business experience to local affairs."²

Mr. Lansbury said—

"My complaint is people come here and manage businesses, make a good deal of money out of the place, and then clear off and spend it somewhere else. That is bad for the workpeople, bad for the social life of the district, and bad altogether."³

This state of things reveals an inadequate conception of civic duty. The guardians may have made mistakes, but at any rate they recognized that they had a public duty, and in attempting to fulfil it they brought forward a constructive policy which should be judged on its merits. On the other hand, the owners of businesses and employers of labour show a deplorable lack of civic patriotism. They are ready enough to make money out of Poplar, but do not seem to understand that the very fact of their doing so gives them a corresponding responsibility. Their part in public affairs is at present confined to uttering loud protests when the rates are too high or the money is spent in a manner of which they disapprove. Two witnesses of considerable experience of Poplar and its affairs stated at the inquiry that if these "magnates," as they called them, were to offer themselves for election they would probably be successful. It was objected that even then they would be compelled to fall in with the policy of the dominant party. But the objection ignores the fact that, if they had taken their

¹ *Report*, pp. 36, 37.

² *Ibid.*, p. 37.

³ *Ibid.*, p. 37.

proper share in civic life in past years, the present state of affairs might never have come about. Their counsels might well have influenced the policy of the board and held back their colleagues from mistakes into which they have fallen through being left to themselves.

Here we see one of the evils of the modern custom of separation of the classes. The rich and the well-to-do live by themselves in certain quarters of the town, and leave their poorer neighbours altogether to their own devices. The poor have a right to the help and counsel and leadership of those who call themselves their betters. The upper classes are often generous enough when a direct appeal is made for money, and they are by no means devoid of sympathy. But this very important part of their social responsibilities, the duty of personal service in the local and municipal affairs of poor districts, is too often left entirely to the clergy and the dwellers in settlements. Yet there are many others who should be literally as well as technically "the guardians of the poor," but who are content instead to make their money by the labour of the poor, and then take no further interest in them. In this direction we want more "socialism." The distinction between the "poor quarter" and the "rich quarter" of a town turns out, when examined rather more closely, to be an utterly unchristian one, for it rests ultimately upon the assumption that the rich have no social responsibilities towards the poor. And it leads to the existence of two societies, neither taking any part in the affairs of the other, though each is in reality necessary to the other. That such a state of things must end in disaster is not the least important of the morals of the Poplar Report.

GORDON CROSSE.

IMPRISONMENT FOR DEBT.

PERIODICALLY, the question of imprisonment for debt crops up, and immediately there is an outburst of indignation against what is hastily termed a degrading system. Judges of the county courts not only join in the chorus of condemnation; frequently, they lead it. They inveigh against the practice from their seats on the bench; they read papers denouncing the law to societies that compile statistics; they amuse themselves by drawing up impossible programmes of social reform. When possible, too, they declare that, as far as lies in their power, they will not enforce the extreme penalty. A London county court judge, who had the temerity to make this announcement a few years ago, however, raised a storm about his ears, and his Honour Judge Parry, of the Manchester and Salford courts, after speaking in the strongest terms against imprisonment for debt in his recent paper before the Manchester Statistical Society, hesitated to recommend the abolition of the practice.

Admitting that imprisonment for debt is unpleasant to the extent of constituting an evil, the problem propounded to the law and to human nature by the inveterate and chronic debtor is not simple of solution, and Judge Parry is not the first to heave a huge sigh at the seeming hopelessness of it all. Something is radically wrong—that is only too palpable—but to those who have had any experience whatever in that most depressing of all occupations, debt-collecting, the suggestion that imprisonment for debt should be abolished savours of something akin to madness. The practice is abhorrent; but is it any more so than durance for other misdeeds? And, ethically, is it too much to assert that there are certain forms of debt that are as pernicious, and as much misdeeds against the law of God and of man, as theft and fraud? Debt is frequently sheer misfortune,

true enough. Quite as frequently, also, it is due to unfair systems of trading and to reckless granting of credit, whereby unfortunate buyers are victimized, and are not in reality purchasers. But judges already have it in their power to protect these people. And the only other power they possess, where it is made obvious that a debtor can pay a just debt, but will not, is imprisonment. Is this weapon against dishonesty to be removed? As well may one demand the abolition of imprisonment for burglary or fraudulent bankruptcy.

The unfortunate individual who steals a loaf of bread is sent to prison, whether the motive is hunger, or the predatory proclivity pure and simple; and it is difficult to see why a man who deliberately contracts a debt without any intention of paying, or who persistently refuses to pay, whether he had any intention or not in the first instance, should be considered other than a criminal. It is just as much robbery—perhaps more so—to take goods from inside a shop with the tradesman's consent as it is to filch them from the outside without permission, where the object of avoiding payment is the same.

It is not at all easy to understand why chronic indebtedness should be condoned as it is nowadays. The thoughtlessness with which people mortgage their future earnings is positively appalling to many minds. Yet to be hopelessly involved is seemingly no disgrace. Chronic drunkenness is no greater crime than chronic indebtedness; yet against the one there is a ceaseless campaign of moral suasion and of the forces of the law. Against the other evil scarce a voice is raised. Debt is the modern shirt of Nessus. All are anxious to wear it, and are encouraged to don it as a panacea against the ills of impecuniosity; but very few survive the tortures which it inflicts.

Retail credit-trading is one of the greatest curses of the age, yet the whole tendency of modern business method is towards its extension. The evil has been given an extraordinary encouragement in recent years by the practice of the great newspapers in pushing the sale of books. The specious advertisements, the ceaseless iteration of the offer to deliver a complete

library on the first payment of a few shillings, are allurements which prove overpowering to many of the most cautious. But those who allow themselves to be caught, without first seriously counting the cost of a two and three years' debt, are deserving of all the difficulties which an entanglement might bring.

This practice is not in itself so great an evil as the revival to which it has led of the small credit-trading which had fallen into disrepute. And it is the small credit-trader who provides the great problem. Protection is sadly needed by the helpless class which is at the mercy of the rapacious door-touting hawkers, the tallymen in outlying districts; although the spread of education, and the ever-increasing facilities for travel, which enable villagers to journey speedily and cheaply to neighbouring towns to make their purchases, may help to mitigate this cruel evil. The travelling trader even makes use of the law to help him, or, rather, the people's ignorance of the law. He will deliberately make a customer of a man whose money he knows will be obtainable through the county court only. He will do more than that; he will fight shy of the neighbourhood where the county court judge is "no good," where his Honour is not sympathetic to the peripatetic pedlar. And he will resort to the most despicable and dishonest trickery to inveigle a poor man, or his wife in her husband's absence, into the net of his books for a few paltry shillings. He will pester his victim until in very despair the latter will say, "Well, leave the wretched things on approval, and if I don't like 'em you'll have to take 'em back." The pedlar agrees with alacrity. It suits his purpose just as well. In a few days the victim receives an invoice on which is a printed intimation that goods are not returnable. Protests are useless. Threats by the trader are quickly followed by a summons, and for very shame the unfortunate customer elects to pay rather than face what he considers the ignominy of the county court. Should he decide to dispute the debt, he not infrequently finds that his persecutor has followed up his first trick with another. In court, the judge will point out that he must have been a consenting party to the transaction, inasmuch as he has already

paid a shilling or two. In vain he protests that he has paid no money. The traveller denies that he has paid it out of his own pocket, and the judge knows that he is not so well recompensed by his employer that he can afford it. His master will declare pompously that he does not allow his traveller to lend the customers money with which to make a first payment, and more often than not the dodge is successful. The judge has his suspicions that he is helping to compound a felony, and when he can he non-suits the plaintiff. But the ending of the vast majority of cases is the other way about.

Seldom does a debtor retaliate and turn the tables on his persecutor. His only means, at present, is to summon the trader for trespass; but very few people seem to know of this, and fewer still seem to think it worth while to take the trouble to do anything. Meekly they allow themselves to be bullied into paying, and paying excessively, for something which they do not require. When they do retaliate, it usually takes the form of threatening the traveller with violence, and even of carrying out their threats; but they find to their dismay that this has prejudiced the court against them. Usually the traveller is no fool. Although he seems to plant out goods recklessly anywhere, everywhere, without rhyme or reason, he works systematically and with caution. Every buyer is made a source of information as to the character and standing of other possible customers. He is ever inquiring. His very entry into a little shop for the purchase of a packet of cigarettes is made an opportunity of learning particulars of the neighbours; his visits to the public-house all have a meaning. He never enters a house without taking a rapid mental inventory of the furniture and effects, and reckoning up their value. He is suspicious if they are new. They may be there on the hire system, and he seeks to discover this by praising the taste displayed, and leading the housewife on by flattery until he finds it safe to hazard a guess that the sofa costs so much, or that the dresser must be cheap at such and such a price. In this way he learns what has been paid.

Should he learn that the furniture is all paid for, he marks the

house for particular attention. It means that the victim is excellent for the county court, and that the payment of instalments there will be regular. He would prefer the first one to be missed, for then he could take out an execution—send the bailiffs—and thus recover the full amount of the debt at one fell swoop. And here it may be remarked as extraordinary that in the whole outcry against imprisonment for debt not a word is uttered against an evil which is ten times worse, and which presses heavily on those who are genuinely anxious to meet their liabilities. Should they miss the first payment in the court by a single day, the creditor is able to issue execution and distrain for the full amount of the debt. It is a cruel law, one which gives the relentless credit-trader a much firmer clutch on his victim than the power of imprisonment, and one of which he seldom hesitates to avail himself. Truth to tell, he has no particular liking for the law of imprisonment. It is costly, and a debtor who does not mind going to prison in preference to paying is a “bad egg”—the worst possible, for he is troublesome without affording the least satisfaction.

But it may be asked why it should be so easy to levy execution. Before a man can be sent to prison for debt, a judgment summons must be issued for defaulting instalments, it must be served personally upon the debtor, it must be proved to the judge that he earns enough to enable him to pay, a commitment order must be obtained, and, finally, it must be served upon the debtor—frequently the most difficult part of the whole laborious and costly process. The circumlocution necessary before a debtor can be escorted to gaol is in itself a sufficient guarantee against abuses. The preliminaries invariably take months, and every possible opportunity is given to a man to settle the claim against him. The debtor appears before at least two tribunals—that of the registrar in the first instance, where an order for payment, generally by instalments, is made against him, and then before the judge who hears the judgment summons; if the debt is disputed before the registrar, it is sent to the judge for decision in the first instance. But all ordinary county court summonses come before the registrar first, all

except the default summonses, which, however, cannot be issued against workmen, and therefore do not really come into the question of imprisonment of small debtors.

Seldom does a judge make a commitment order against a debtor who is brought before him on the first judgment summons. Most judges are distinctly reluctant, and in their hands rests the power to make the law of imprisonment for debt absolutely non-existent. The majority only regard imprisonment as the very last resource, and undoubtedly hold the view to which Judge Willis recently gave expression on taking his seat for the first time at Southwark County Court, that he had no desire to commit people for debt, but that without the power of committal the county court would not be efficient. On a judgment summons, it is the duty of "his Honour" to decide whether and how the debtor can liquidate the claim against him. He takes it for granted, when the matter comes before him, that the claim has been justly decided in favour of the creditor, or has been admitted by the debtor. Should this be disputed at the hearing of the judgment summons—as, for instance, when a man states that the serving of the judgment summons upon him was the first intimation that he owed the money, which was a debt contracted by his wife without his knowledge but in his name, and that she took the first summons and attended the court—the judge has the power to order a new trial. This is very often done. On the judgment summons the judge requires proof of a debtor's ability to pay, and that proof must be satisfactory, according to the idiosyncracies, temperament, and practices of the court. Every county court has its own atmosphere, due to its own peculiarities of method and customs of procedure; there is no uniformity. A great deal depends upon the personality of the judge, and plaintiffs find to their amazement that what is considered legitimate and correct in one court is deemed illegal or, at least, illicit in another. It is never the plaintiff, but always the defendant who is given the benefit of these differences. In some courts a debt-collector is allowed to appear on behalf of a plaintiff; in others, only a directly authorized *employé*, or a legal man, is permitted to represent the creditor.

Proof of means must be complete, and there are some courts in which it is almost impossible to satisfy the exacting demands of the judge. A letter from a debtor's employer is not regarded as sufficient. It must be attested in some form or another. More than one judge requires the attendance of the employer, or an authorized agent on his behalf, to swear as to the earnings of the debtor. This, as may be well imagined, is not easy to obtain; many creditors do not care to bring a man's private affairs to the notice of his employer, for fear that he may lose his place. Employers, too, are not favourably inclined towards an appearance in court; they have to be subpoenaed, and they protest against it. The practice of demanding an employer's appearance is one which cannot be too strongly condemned. It is irritating to all concerned, and places a poor debtor's situation in jeopardy. Here it is clearly the practice of the court, and not the "grasping greed" of the creditor, that is responsible for the cruelty. In one court, at least, an excellent *via media* was successfully followed. The court issued to creditors official forms, which were to be sent to the employer of a debtor asking him to state the earnings for a period of several weeks past. A stamped envelope for a reply had to be enclosed, addressed not to the creditor, but to the court, which thus received the information direct. The practice still involved the objection that it brought to the notice of an employer the fact that his workman was in the county court, and it had the further disadvantage that the plaintiff did not see the information sent to the judge, and was therefore left unaware of the evidence on which the decision was given. Still, it worked well.

But even when it is proved that a debtor is in a position to pay, it by no means follows that the judge will make an order for his commitment. This is not done on a first judgment summons unless it is a very flagrant case, in which the debtor is able, but unwilling, to pay. The general rule is for the judge to make a new order, which means a reduced order. The monthly payments are made smaller, and only when there are arrears can the debtor be again brought up on a judgment summons, and the whole dreary business repeated. It is not unusual for a

judge to reduce the order two or three times before he commits, and when the unfortunate debtor is really in straitened circumstances or out of employment, it is not unusual for his Honour to say "No order." This hangs up the debt and protects the debtor indefinitely, until the plaintiff feels that he can make an application to the judge for an order with some chance of success. Even when a commitment order is finally made, it does not mean that a debtor can be at once seized and cast into durance. He is generally given time to pay, or the order is suspended if he pays certain instalments. Furthermore, the order has reference only to the amount of arrears for which the judgment summons was obtained.

It came as a bombshell to most people to learn from Judge Parry's paper, read at Manchester, that the colossal number of 11,066 debtors had been imprisoned in 1904. It certainly is a most painful circumstance; but it was overlooked that this was the number of those who elected to go to gaol out of the 135,798 against whom commitment warrants were issued. The vast proportion of 124,000 odd preferred to pay when the warrants against them were presented. This is in itself a justification for the practice, and a circumstance which should at least give people as "furiously to think" as that in these days of civilization England should imprison 11,000 men in a year for debt. It is proof positive of the efficacy of the fear of prison as a debt-collector rather than a proof that our law is cruel. Judge Parry presented the following interesting and important figures:—

	Judgment summonses in all courts.		Warrants issued.	Debtors imprisoned.
	Issued.	Heard.		
1893	227,711	138,042	75,834	6,889
1904	365,616	227,069	135,789	11,066
Increase	137,905	89,027	59,955	4,177

The increase is, as Judge Parry says, deplorable; but he seems to have overlooked the most striking fact revealed by these

figures, viz. that the imprisonments in 1904 were only 8 per cent. of the warrants issued, while eleven years before the percentage was 9. The difference is only trifling, but it becomes most important when the great increase in the number of judgment summonses and warrants is noted. In 1893 the percentage of warrants issued to the number of judgment summonses heard was 54; in 1904 it had increased to 64 per cent., yet the number of actual imprisonments showed a decrease. This is a striking result which should by no means be disregarded. To me the most deplorable revelation in the figures is the indication which it gives of the growth of thriftlessness; in 1904 creditors had to issue nearly 138,000 more judgment summonses than in 1893. Yet, despite the great increase of thriftlessness, there has been no increase, but a decline, in the percentage of debtors who have gone to prison. Or take it another way: while the number of judgment summonses increased by 137,905, or 60 per cent., and the number heard by 89,027, or 64 per cent. (the percentages of summonses heard of those issued was 60 in 1893 and 62 in 1904, indicating greater success on the part of bailiffs in serving the blue papers), the number of warrants increased by 59,955, or 79 per cent. (indicating that "the regrettable necessity," or the "grasping greed," was greater, whichever you please), and the imprisoned debtors increased only by 4177, or 60 per cent., in the same ratio as the increase of thriftlessness. Examination of this analysis shows that, despite the greater percentage of summonses heard and of warrants issued, the percentage of imprisonments did not increase. The larger number is therefore not due to any cruelty on the part of either the law or the creditor, but to the continued stubbornness of the debtors. And even here there is an improvement, as I have shown; for the percentage of incarcerations to warrants issued was lower in 1904 than it was eleven years before.

All this proves but one thing, "the regrettable necessity" of the power to issue a warrant, as a last extremity, for the purpose of enforcing payment of a just and lawful debt. It is unfortunate, but it is none the less a fact of which it is proper that the law should be able to take note, that there is a certain class of people

who will not pay their debts unless absolutely compelled at the point of the sword, as it were. The public, I am afraid, has been misled into the belief that the bailiff becomes the highwayman of the law and the myrmidon of the creditor by seizing innocent debtors and presenting a pistol to their heads with the Dick Turpin formula, slightly varied, "Your money or your liberty." It will be obvious from the details of the procedure that it is not possible for creditors to act in Tyburn Dick fashion, even if they would. There are a few who would, I know.

I saw a little woman rush excitedly into a Yorkshire county court once, and breathlessly demand whether any payment had been made by her debtor. She almost screamed in triumph when the plaint note was returned with the intimation that there was no money in court for her. Hastily she rushed to the pigeon-hole where summonses and executions were issued.

"I want an execution for this man's body," she panted. "Yes, for the body. I don't want his goods. I want his body—in prison!"

The clerk smiled sadly as if he thought it was half expected that he should hand the trembling form of the debtor through the pigeon-hole to the little woman with the big excitement. Then, thrusting a judgment summons form in her hand, he said gently, "Half a minute, my good woman. You can't do that. You must fill up this form—issue a J. S., bring him before the judge, and get him sentenced first."

"How long will it take?" she asked, after looking dubiously at the clerk and the paper for a few minutes. She was evidently badly disappointed.

"Oh, I can't say," replied the clerk, and he proceeded to describe the spiral staircase up which the law must carefully pick its way. "The man must be served with this summons first. Is he easy to get at?" The woman's jaw twitched convulsively. "Then the judge must decide whether he is in a position to pay. Perhaps he's out of work, or ill, you know; then, of course, he can't, and the judge won't commit him." The woman's jaw stopped twitching, and fell. "And then if you get an order, he'll most likely be given time to pay; and he might

be difficult to get hold of—see? or he might pay when the warrant is served on him.” The woman’s jaw closed with a snap. She gathered up her skirts and departed in high dudgeon, calling the law and its dispensers worse things than a “hass.”

Probably her acquaintance with the law of debt was confined to the desire to “go for the body;” possibly her unfortunate victim was not possessed of furniture, or his household gods were held on the hire system; otherwise, such a virago would certainly have issued an execution. That she could have done without any trouble or difficulty whatever, merely by paying the fee.

It is true enough that the county court system is abused by creditors who make it their debt-collector, not so much because they have experienced difficulty in obtaining their money, but because they find it cheaper and less troublesome than calling on the debtors themselves. There are instances innumerable—they occur regularly—of itinerant credit tradesmen giving up districts which they regard as “worked out.” Some few hand over the debts to a debt-collector, but where the sums owing are small—under a sovereign—which they almost invariably are, this course is somewhat costly, and not to be compared with the legislative debt-collector for efficiency. So they “county court” the whole district. All the clients—the good, the doubtful, and the bad—are served with blue papers. But here, again, there is protection for a debtor who has been wronged. It is in the power of the registrar, when he sees for himself, or his attention is drawn to the fact, that a debtor has made his payments with some regularity, and that the full amount would have been paid off without his being brought into court, to order that the costs should be borne by the creditor instead of, as usual, by the debtor. Singularly enough, this power is but rarely used. Yet it is unquestionably the most effective and the most potent deterrent against needlessly bringing debtors into court. The loss of the fees makes a great difference to a creditor whose debts amount to but a few shillings.

They are wily, these tallymen, and some of them resort to a simple little trick to keep down the fees. When a debtor does

not appear, either in person or by proxy, before a registrar, the hearing fees are doubled. To ensure the debtors' attendance, therefore, they are frequently "county courted" for a shilling or two more than they really owe, and they indignantly turn up at the court to protest. Should they not do so, the creditor has gained the extra shillings. Registrars protest against these persistent discrepancies; the answer is invariably that the clerk at the office of the firm has entered the case before the final payment has been handed over at the end of the week by the traveller, and the amount, of course, has been immediately deducted before the registrar. Yet it has not infrequently been elicited that the traveller has called upon the debtor and has obtained money after the case has been entered into court, but before the summons has been served. Seemingly, these travellers act upon the belief that "a shilling in the hand is worth two in the court." But it has also been repeatedly proved that debtors have one account in court with a tallyman and another out of it, running concurrently.

To such a hopeless and helpless depth of insolvency have many people descended that it is no shame whatever to be in the county court and to continue trading with the same creditor. The pity of it is that these debtors are often the very poorest persons—those living in miserable hovels in villages, and existing on the proceeds of what is little better than casual labour at the farms, the quarries, or about the collieries. It is difficult to apportion the blame for this discreditable state of affairs. On the one hand there is the tempter, the tallyman, with his display of wares, which very often are practically necessities—sheets, articles of clothing, tablecloths, and the like. On the other hand there is the tempted, the debtor, who appears to lack the moral fibre necessary to withstand the allurements or to understand the degradation of it all. More frequently than not, the victim is a woman who has been won over by the display of cheap finery, and has pledged her husband's credit without his knowledge. This is the greatest of all the evils of the tally system of credit trading. But all who have studied the problem agree that there is one remedy. The summons should be served,

in the first instance, on the person named, as in the case of a judgment summons. At present it is sufficient if the summons is left at the house, and many women who have contracted debts which they keep secret from their husbands take the blue paper and appear in court, still keeping the knowledge to themselves. To render it imperative that the first summons should be served on the defendant personally, would of a certainty put a period to a large amount of small credit trading which is responsible for a great deal of misery and county court trouble. The domestic infelicity that is the outcome of this vile system of secret trading is best left to the imagination. Thousands of pounds are annually wasted in needless frippery by foolish women, unknown to their husbands, and only when the judgment summons is placed in the hands of the unfortunate man whose name has thus been misused, is the guilty extravagance brought to light.

Equally pernicious is the system, against which registrars and judges never cease to inveigh, of foremen in factories being permitted to act as agents to credit traders. Many unfortunate men and women, and even boys and young girls, are practically compelled to purchase from their foreman some useless and expensive trinket which leads to their undoing. Here is a true story—a plain, unvarnished tale.

A young collier who contemplated marriage was induced by a person in some small position of authority at the colliery to purchase a costly silver watch on the instalment system. Meeting a few congenial spirits to whom he showed his purchase, its value was at once doubted, and, to settle the vexed point raised, a visit was paid to a pawnbroker, and the watch put in pledge. This is a common method of appraising the value of an article, the reason being that "if so much is given by the pawnbroker, it is worth so much more." Once in possession of money, the young collier deemed it only natural to "stand treat." One drink led to another, with disastrous results. An unfortunate expression, an angry word, a fight, an arrest—two months' hard labour for assaulting the police. Meanwhile the collier's sweetheart became a mother. Had her lover not been imprisoned,

she would have been married and her child legally born. In her humiliation and shame, she spurned her lover on his release from gaol. Utterly disgusted, he left the country.

This is an extreme case, not an ordinary one; it serves merely as an illustration that there are possibilities and actualities of greater evils than imprisonment for debt in the excessive and reckless credit trading now rampant. Many judges do their utmost to check the evils by fixing a limit—and a small one—to the monthly payments which they order where they consider that the debt was contracted for some needless articles, and that the debtor was victimized; and they refuse, also, to impose the extreme penalty of imprisonment for such debts. And yet it is not always, as is frequently asserted, the fault of the tradesman who can “refuse credit.” It is hard, nay, impossible, to avoid giving credit in these days of fierce, relentless competition, specious advertisements, and the ceaseless offer to scatter goods of all kinds broadcast, by post, by rail, by motor-van, on a first payment of a mere trifle—literally on the detestable formula of money-lenders, “your own note of hand.” Between the upper millstone of alluring offer, and the nether millstone of frenzied envy and desire to which all modern teaching seems to tend, the unfortunate worker of to-day is pounded to a pulp, plunged plastic into the mould of extravagance, and drawn out sanctified with the lugubrious litany, “In the midst of life we are in debt.” This is flamboyant metaphor, but quite in keeping with the whirlwind of words which shrieks eternally at newspaper readers and bewilders the senses of many until they are drawn into the ditch of debt.

Needless debt is responsible for a great deal more suffering and misery than is suspected by shallow thinkers who lay the blame for everything on what they vaguely term “our social system,” and who have but one panacea for all ills—legislation. Legislative action will never remove the evils of debt unless it absolutely forbids credit trading, which, unfortunately, it can never do. Legislation can put peas in the boots of the pilgrim pedlar to the districts where shops are scarce, but means of quick and cheap transit to the towns, and education that will engender

a keener moral sense as to "responsibility," and will depict envy as a disease and extravagance as a curse, can alone mitigate those evils that lead along the pathway of debt to the prison gate. For the rest, imprisonment for debt is not regarded as a stain on a man's character. Rather is it deemed a misfortune, a cruel injustice, calling for sympathy; and, mostly, it affects only those to whom imprisonment is no disgrace. A cynic may be tempted to ask, Is imprisonment for anything which is not a criminal offence a disgrace at all in these days of "martyred" suffragettes, passive resisters, anti-vaccinators, Kensit preachers, and Salvationist orators? It probably would not require much of an agitation to organize a movement to welcome imprisoned debtors on their release with banners, brass bands, and a procession of sympathisers. It would almost seem that English men and women have not established their full claim to citizenship until they are illumined with the glow of the prison lime-light. Melodramatic martyrdom was ever a phase of anarchy, and in the modern struggle against authority released debtors would be fitting companions for the vestal virgins of the vote.

M. J. LANDA.

NOTES AND MEMORANDA.

COLLECTIVE LANDHOLDING IN ITALY.—Italy is at the present time all astir with experimental co-operation, more particularly in its rural districts, with a view to bringing relief and, if it may be, independence and prosperity, to the struggling agricultural population. Among other forms of co-operation so experimented upon, that of co-operative landholding has been taken up with considerable vigour and eagerness. A recent publication¹ gives a review of what has thus far been attempted within the ken of the Federation of Agricultural Co-operative Societies, whose sphere of action extends all over Italy; the data have been collected in the course of a careful inquiry.

There are now in all 108 distinct collective land settlements in existence, some covering large areas up to 8500 acres, and rented at the rate of up to £7000 per annum. Such farms are scattered all over Italy, from Piedmont, Lombardy, and the Romagna down to Sicily. The report does not show to what precise extent they have succeeded; nor does it venture to base any very definite judgment as to the prospects of the new institution as a whole upon what has been already achieved. It contends that it is still too soon to do so. However, all these experiments appear to be still in progress, so that a certain amount of success may be assumed.

A very striking feature about all these experiments is the remarkable variety, not only of methods adopted, but even of objects with which they were taken in hand. In some provinces, such as Emilia and the Romagna, the main aim kept in view was the provision of employment for agricultural labour. Elsewhere, and most notably in Lombardy and Sicily, what nerved people to the effort was the prospect of improving their social and economic position by getting rid of the middleman. Experiments in land settlement have, furthermore, been undertaken severally on purely economic lines, or else with socialist aims in view, or, lastly, as a means of attaching rural folk more firmly to the Church. Socialist or clerical leadership has, as a matter of course, imported either political or else religious, moral, and educational objects.

¹ *Le Affittanze Collettive in Italia*. Inchiesta della Federazione Italiana dei Consorzi Agrari. [xii. 139 pp. foolscap. Piacenza, Porta, 1906.]

Corresponding to the main aim kept in view, we find societies "open" or "close," the latter securing employment to all their members, and accordingly admitting no new ones, except it be when an increase of work calls for an addition to the number of hands; the former keeping membership open and treating the enterprise rather as an economic venture, possibly providing little homesteads for their members, than as a guarantee of employment, and accordingly not undertaking to employ all members, except it be in turn. There are co-operative settlements in which the cultivation of the several small holdings is left almost entirely to the women and children of the families settled, the adult men seeking wage labour elsewhere.

An even more striking difference is that between common and divided cultivation. Collective holding coupled with separate cultivation is common, above all districts, in Lombardy, and also in Sicily. As a matter of fact, it is the accepted rule in 88 of the 108 settlements reviewed. Common cultivation prevails specifically in the districts of Reggio, Emilia, and Bologna, where socialism is strong.

Commendatore Raineri, who, as President of the Federation conducting the inquiry, sums up the results here noticed, finds, as was to have been expected, that collective landholding, whether with divided or with common cultivation, answers best where cultivation is practised requiring much hand labour. He distinguishes such agriculture as "active" in contrast with "extensive," in which land is supposed to contribute the main part, and "intensive," in which capital is held to act as main factor of production. As a matter of fact, there are no "extensively" cultivated properties whatever to be met with under collective holding. On other properties the employment of feeding-stuffs, fertilizers, and the like presents no difficulty. But the employment of labour-saving machinery is distinctly a delicate matter to deal with, more particularly where collective holding is resorted to for the specific purpose of providing employment. Commendatore Raineri comes to the conclusion that wherever alternative employment is to be found for the hands set free by the use of machinery, such employment will be to the advantage of the co-operative settlement. For there will be no idle hands, and the gain resulting from the use of machinery will be all to the good. In the opposite case machinery had best be let alone.

Like everybody else observing such experiments, M. Raineri has found that it makes all the difference in the world whether the settlers are accustomed to agricultural labour or not. He finds, furthermore, that success depends above all things on the command of sound technical guidance. His agricultural societies have accordingly made

a great point of educating men so as to qualify them for acting as technical directors of co-operative settlements on a larger or smaller scale, and thus providing for any new settlements forming that technical element which is vital for them.

Another essential point coming into account is that of money. The landlord must secure himself. He as a rule does so by claiming one year's rent in advance. That rent has to be provided. And, in addition, there must be working capital. Now, thanks not only to the support given by benevolent men, and to the disposition to help in such matters which is characteristic of Italian savings banks, but above all things to the presence in Italy of co-operative banks, often possessing very considerable capital, M. Raineri is able to state that the land-renting societies have experienced no difficulty whatever in obtaining the necessary credit. Co-operative banks have guaranteed the rent for them, or else advanced it to be paid down, and have in addition assisted the societies with working funds—of course securing themselves in their own way by making sure that they had societies to deal with which could be trusted. A feature not at all uncommon in such organizations is the regular retention, under a rule adopted for the purpose, of a fixed part, often one-half, of the employed members' wages—which part is credited to them severally as a deposit—till a sufficient working capital is accumulated. Italian labourers do not grudge such privation. They are aware that they cannot win a prize without working for it, and in this case the prize of independence and relative competency appears to them worth the temporary sacrifice.

It may be added that there is every prospect of the experiments thus begun, not without some promise of success, being carried on with sustained determination on an increased scale. The Italian *contadini* seem resolved to create their own holdings for themselves by means of common action, which among them fortunately presents no difficulty on the score of insubordination or disagreement. To promote this work a committee was formed last autumn, having its seat in Rome. It is reported to be meeting with encouragement in the formation under its guidance of local land-renting associations in various parts of Latium, where, of course, it has begun operations. And with the co-operative banks to assist them, and the *Consorzi* to provide trained managers, it looks as if co-operative land settlement by small cultivators would soon become a recognized and well-established institution in Italy.

HENRY W. WOLFF.

FRIENDLY SOCIETIES IN ITALY.—Friendly societies have long been public favourites in Italy. The poverty and helplessness prevailing

during many generations among the working and cultivating classes have almost driven those classes into adopting such a form of provident action. And, fortunately—à *quelque chose malheur est bon*—motives of economy have thus far prevented the State from corrupting self-help with State help, as it has freely done in France. There appear to be no subventions paid. As shown by Commendatore Magaldi, the permanent official at the head of the supervising department of State, in a bulky official volume excellently compiled and arranged,¹ the encouragement which the State accords to friendly societies consists solely in the following exemptions, allowed to registered or legally “recognized” societies only: (1) exemption from registration fees; (2) exemption from insurance and property taxes; (3) exemption from transfer and succession fees; (4) exemption of claims due to members from liability to attachment. All these are quite unexceptionable methods of assistance.

The collection of statistics under this head appears in Italy to present peculiar difficulties. Commendatore Magaldi will have it that this is so because so many societies actually formed and at work fail to apply for registration. Our registrar of friendly societies of course has the same difficulty to contend with. However, that does not prevent him from issuing annual returns, supplying such information as he can collect. In Italy, returns—in some instances, such as the present, far more precise and full than ours—appear to be collected only decennially. We are thus in a position to compare the returns of 1885 with those of 1895 and 1904. In 1885 there were 4896 societies known to exist in Italy, of which only 3762 sent in returns; in 1895 there were 6722, of which 6584 furnished returns; in 1904 there were understood to be 7797 in existence. However, the department has been able actually to trace only 6535, and only from 6347 has it been able to obtain satisfactory returns.

Throughout the period reviewed, the “unrecognized” societies—societies not placing themselves under the specific law, and thereby purchasing, together with a moderate amount of supervision, a claim to the exemptions already enumerated—have largely outnumbered the “recognized.” Thus, at the close of 1904 there were, as M. Magaldi here shows, no fewer than 4987 “unrecognized” societies to only 1548 “recognized.” In respect of membership, likewise, the “unrecognized” societies take first place, recording 637,428 members, as

¹ *Le Società di Mutuo Soccorso in Italia al 31 Dicembre, 1904.* (Studio Statistico.) Lavoro del Ispettorato Generale del Credito e della Previdenza nel Ministero d'Agricoltura, Industria e Commercio. [li., 838 pp. Imperial 4° Bertero. Roma, 1906.]

against 288,598 in "recognized" societies. The entire membership accordingly amounted to 926,026. These figures, as already observed, really refer only to 6347 societies in all. The "recognized" are, however, individually in general larger than the "unrecognized," having a mean membership of 189·2, as compared with 132·2 in the others, which gives in all a mean membership in societies of both kinds of 145·9. The number of women members, on the other hand, is distinctly larger in "unrecognized" than in "recognized," namely, in all 57,387 to 580,041 male, as compared with 19,221 to 269,377 male. Collectively speaking, the number of women members is 76,608 to 849,418 men.

Distribution of friendly societies over the several provinces is very unequal, but there are friendly societies to be met with in all provinces alike. Of such provinces the more developed, such as Piedmont and Lombardy, easily lead; Venetia, Tuscany, and Emilia follow in the second rank. And so the proportion dwindles down till, in Sardinia and Basilicata, to pit against the 1339 societies of Piedmont and the 1179 in Lombardy, we find only 49 and 43 respectively. In respect of membership the difference is equally marked, as regards total numbers, but very much less so as regards the mean number per society, which does not fall much below or rise much above 146. In respect of the total number, Lombardy, however, has 197,427 (only 15,840 being women) to show, as against 4444 (only 342 women) in Basilicata.

There appear to be very striking fluctuations in the number of societies existing and newly forming, more especially of those unrecognized by the law. The "recognized" have proved very much steadier. The majority of such were formed in the decade between 1880 and 1890. It was only in 1886 that a special law was passed conceding the privileges referred to. No doubt it was such encouragement which made the number of societies increase between 1885 and 1895 by 37·8 per cent. In the succeeding decade, after the ground had been filled, the increase dropped down to 2·8 per cent. In distinct provinces there have been respectively an increase per decennium by 89 per cent. and a diminution by 21 per cent. There is, evidently, still a great amount of unsteadiness in the movement.

The net assets of the societies are given as 35,976,981 lire (£1,439,080) on December 31, 1903. Of this amount 3,580,079 lire was invested in real property, 15,239,067 lire in various securities, 14,648,374 lire in deposits and loans, and 2,509,461 lire otherwise. Accordingly, about 90 per cent. of the assets may be said to have been "liquid." In respect of such property, the "recognized" societies are shown to be much better situated than the "unrecognized," having, in

mean figures, 24,267 lire to show per society, and 128·32 lire per member, as against 7887·67 lire per society, and 60·16 lire per member in the "unrecognized." The mean figures for all indiscriminately are 12,017·85 lire per society, and 82·50 lire per member. Contributions sit more lightly upon members of "recognized" societies than on others, because they have more property. Thus, on an average only 53·71 per cent. of their income is derived from contributions, as compared with 70·25 per cent. in "unrecognized" societies. In addition to this there is 8·48 per cent. mainly from probationers or "novices," not yet admitted as full members, as against only 6·82 per cent. in the others. But there is 37·81 per cent. coming mainly from investments, as compared with 23·43 per cent. Taking the two categories together, there is on an average 63·30 per cent. raised in contributions from full members, 7·23 per cent. from probationers, and 29·47 per cent. from other sources. On the other hand, expenses are sensibly smaller in the "unrecognized" societies, namely, 1477·60 lire per society and 11·18 lire per member, as against 3205·97 lire per society and 16·91 lire per member in "recognized" societies, and respectively 1902·84 and 13·00 in all grouped together.

A minority of the societies limit the benefits offered to one only, be it sick pay, or funeral expenses, or out-of-work pay. The last-named benefit is to be met with mainly in Milan, the second chiefly in Sicily. In the larger number of cases a variety of benefits are combined. Sick pay is allowed in 98·1 per cent. of the societies, regular old age pensions are given in 36·4 per cent., supplemented by exceptional grants in 17·0 per cent. Chronic disablement by illness or otherwise is likewise in many cases allowed for. Relief to widows and orphans is given in the majority of cases only by special grants, not as a continued benefit. Confinement grants show rather poorly.

About 80 per cent. of the societies require members to pass through a period of "noviciate" or "probation," which is as a rule kept below three months, but in some cases exceeds two years. Nearly all societies allow members' sick pay to begin only some days—generally three—after actual disablement. Only in the south of the kingdom is sick benefit generally allowed for the entire period of disablement. In the north it is, as a rule, limited to 120 days at the outside. Injury sustained by accident in employment is counted as "sickness," entitling to temporary sick pay—but only such—in nearly all the societies. Not a few societies combine co-operation—for purposes either of credit or else of distribution—with their purely provident benefits. In truth, friendly societies and co-operative societies are looked upon as, so to call it, soldiers in the same army. They combine

together for the same business, and discuss their several affairs in the same common congresses, considering themselves tied closely the one to the other. Thus, in Basilicata 62·8 per cent. of the friendly societies existing make advances to members, in the kingdom generally only 24·9 per cent. Only 8·6 per cent. throughout the kingdom keep up co-operative stores for the benefit of their members. But in some provinces distribution is much in vogue; for instance, in Piedmont, where 21·3 per cent. of the societies combine it with provident benefits. And there is some such combination to be met with in every province of the kingdom, except in the two backward provinces of Basilicata and Sardinia. Beyond this, there are some friendly societies which own libraries for the use of their members; others, which maintain evening or Sunday schools, or else technical schools, or which supply young people with books. There are, furthermore, friendly societies which on a small scale provide dwellings for their members, marriage endowments for girls, allowances for families when bread-winners are called out for military service, or out-of-work pay; and there are others which keep up labour bureaux to assist members to employment. However, none of this business appears to amount to very much.

HENRY W. WOLFF.

LIBRARIES.—Some time ago I had occasion in the *Economic Review* to make some suggestions with a view to increasing the usefulness of free libraries. Since then various schemes in operation at different libraries have come under my notice. Perhaps the most interesting is the scheme adopted by the Newark Free Public Library, New Jersey. The central idea of this scheme is that of issuing small catalogues dealing with particular subjects. The catalogues are distributed most widely, being “mailed” to lists of subscribers or of persons interested. Each month a list is posted giving the new books on particular subjects and the articles in recent magazines. A few notes are added—and they are excellently written, by the way—giving an outline of the subject-matter. These notes are reproduced in an inexpensive way by a multiple process, and their particular importance is that they indicate to the would-be reader the contents of books and of magazines, whilst, by giving the number of the volume in the library, they save him the trouble of a wearisome search through the catalogues. The name *Bulletin* is given to the monthly issue. Printed catalogues giving the names of the best novels, or the best books for boys and girls, are also issued. Altogether the system indicates an enthusiastic desire to make free libraries of the fullest value to the community, and it should result

in widening the area of intelligent reading. *Suggestions for Holiday Reading* is a leaflet issued in the summer. The selections might be criticized, for it does not follow that every one is yearning to read fiction and history in their moments of freedom from toil. Also, it is rather surprising to find Shakespeare's *King John* under the heading of "History and Travel." Still, the Newark library is to be congratulated on its enterprise. The American "Library Association" also publishes an excellent monthly list of new books, with remarkably incisive notes. Such booklets cannot but be of the utmost value to librarians, and as they are printed for general circulation they cannot but be of corresponding value to those who are anxious to use free libraries in the most intelligent way.

J. G. LEIGH.

CURRENT ECONOMIC PERIODICALS.—*The Political Science Quarterly* for June contains a contribution by S. Morley Wickett on the migration of Canadians into the States. We have heard much of recent years about immigration into Canada from the States, and it is well to be reminded that there is also inevitably a reverse current. The statistical foundations of the study are given and criticized, and the article is a useful contribution to the problem of migration. In the same number Mr. Edward Porret discusses the causes which brought about the result of the recent general election. It is probably as fair and unbiassed as such a discussion can reasonably be expected to be.

A survey of the problem of ocean freights by Mr. J. Russell Smith is another feature in the same issue, and one of great interest. The question is fairly discussed, and the numerous factors, some of them extremely remote, are exhibited in an interesting manner. The facts are collected principally from the Atlantic trade, but the article is a valuable scientific contribution to the general question. Mr. Smith discovers indications that there is a possibility of greater success in the future in the effort to maintain stable rates; it is fortunate that there are also some indications that this would not necessarily signify an undue pressure on consumers.

Mr. Harbutt Dawson, in the same Review, describes the legal position of the German workman. This article is of special interest in connexion with the Trade Disputes Bill.

In the June number of the *Revue d'Économie Politique*, M. Hitier concludes his series of articles on the evolution of Socialist doctrine. The final instalment concludes his examination of "le Socialisme juridique." M. Dolleans, in the same number, writes on the religious aspect

of Socialism. He expresses the opinion that many so-called Socialists are attracted by this, and not primarily by the political aspect.

The advances made in the region of economic theory during the last few months are summarized by M. Landry in the October-November number of the same Review.

The Journal of Political Economy for June has a notable article by Mr. R. H. Hoxie (continued, but not concluded, in the succeeding issue) on the demand and supply concepts. It is a thoughtful survey of the forces affecting the determination of price, and incidentally also a protest against the treatment of economic problems as though they were static. Mr. F. L. McVey, in the same number, writes on subsidies to shipping. The policies of Britain and Germany have been carefully studied, and the methods of encouraging the production, and controlling the use of shipping are examined. The author's view is that the United States must embark on a larger and fuller policy than it has yet considered, if it is to acquire a powerful mercantile navy.

To the July number Mr. W. W. Edger contributes a brief sketch, in which he (in his own words) "shows that Canadian legislation [in regard to trusts and combines], as far as it goes, has proved of great practical service in putting an end to unfair competition in a variety of forms."

La Reforme Sociale for September contains an address by Professor Gide on "Social Economics Past and Future." The problem of unemployment in this country is discussed by M. Reffalowich in the same number. All the schemes so far tried are shown to be hopelessly ineffective.

The American Academy issues for May, July, and September three numbers of its *Annals*, which are of great interest. Each issue deals exclusively with a single topic from different points of view. The improvement in labour conditions in the States is the subject for May. The July number is devoted to a collection of valuable articles on the business professions. This number will appeal especially to those interested in the concrete and descriptive aspect of the subject. The last of the three numbers contains a group of contributions on women's work and organizations in the States. In all of these there is much interesting detail as to methods and results.

English affairs are the chief subject of interest in the *Revue Sociale Catholique* for July. In especial we mention the article by Mr. Hannigan, "Trade Unions and their New Attitude."

LEGISLATION, PARLIAMENTARY INQUIRIES, AND OFFICIAL RETURNS.

THE *Thirty-fifth Annual Report of the Local Government Board*, 1905-6 (Cd. 3105, cccxliii. + 724 pp., 4s. 7d.) has been issued. It contains all the orders and circulars issued by the Board in furtherance of the schemes for dealing with the unemployed. All these schemes drift towards the same rock, which is revealed clearly enough in the following sentence from the report (p. clxxxi): "In one case where the Council undertook the cleansing of the streets temporarily by hand labour instead of by horsed sweeping machines, and paid £3569 in wages, the estimate of the cost in wages under ordinary conditions amounted to only £486." This means that 86·4 per cent. of what was nominally paid in wages was really given as charity. The record of an experiment with similar results will be found in this *Review* for October, 1905, pp. 486-7. The grant of £200,000 by the Government is certain to dry up to some extent the amounts received from subscriptions. To finance unemployment schemes entirely from public funds, whether provided by rates or taxes, or both, will increase the burdens of many who are in much the same position as those helped, and this evil will be aggravated by a misleading name. If what is called wages is really alms, it will be well to call it by its right name. The *Report* deals at length with the financial position of the local authorities—of whom there are no less than 27,000 in England and Wales—at the end of 1903-4. There are four main sources from which local authorities derive their funds :—

	Amount received in 1903-4.
	£
(i.) Public rates	52,941,665
(ii.) Local taxation duties and government grants ..	15,613,892
(iii.) Profits of undertakings	24,284,200
(iv.) Loans	31,279,470

Smaller sources of income are—

	£
(v.) Rents and profits of undertakings	2,656,221
(vi.) Fees, fines, and penalties	1,077,503
(vii.) Repayments in respect of private improvements ..	1,952,291
(viii.) Other receipts	3,852,363

The grand total is £183,657,825. In the same year the total amount received by the Central Government from loans and taxes was £176,953,169. Subtracting from this item (ii.) we get £151,339,277 as the net income of the central authority. If the income of the local authorities be represented by 100, that of the central authority will be 113. Public rates provide 39·5 per cent. of the income of the local authorities. The following table gives the amounts raised by the various kinds of local authorities :—

Authorities.	Amount of rates received 1903-4.		
	London.	Rest of England and Wales.	Total.
1. County councils	£ 2,779,178	£ 4,434,418	£ 7,213,591
2. Councils of boroughs (including city of London)	4,012,207	15,481,257	19,443,464
3. Urban district councils	—	5,481,299	5,481,299
4. Rural district councils	—	2,858,826	2,858,826
5. School boards	2,542,539	1,671,408	4,113,942
6. Boards of guardians	—	7,787,812	—
7. Managers of Metropolitan Asylums Board	3,885,665	—	11,672,977
8. Metropolitan police	742,494	261,693	1,004,187
9. Other authorities	57,741	1,115,908	1,153,879
	£18,999,554	£38,942,111	£52,941,665

Or, quite briefly, London pays 26·5 per cent. of the total rates of the country, the county boroughs pay 28·7 per cent., other boroughs and urban districts 29·7 per cent., and rural districts 15·1 per cent.

Much attention is being drawn to the amounts raised by local authorities in loans, which in 1903-4 provided 23·7 per cent. of their total income. In some quarters there seems to be a belief that these loans are largely raised out of mere mischievousness, but it requires very little observation to discover that each scheme has to receive the sanction of a higher authority, and the small number of cases in which that sanction is withheld implies, or ought to imply, that the loan will serve some useful public purpose. This discussion may have had some effect, but the noticeable drop in the expenditure defrayed out of loans in 1903-4 is probably the result of the rise in the rate of interest. The following table will show this and the other leading facts :—

Years.	Loan charges (repayment of principal and payment of interest).	Amount of expenses defrayed out of loans.	Amount of outstanding loans.
1884-5	£ 9,878,681	10,445,163	173,907,968
1901-2	18,898,837	33,862,754	343,416,582
1902-3	20,287,264	36,086,198	370,607,493
1903-4	21,675,645	30,688,990	393,882,146

The outstanding loans have been spent as follows :—

	£
On baths, cemeteries, electric lighting works, gas-works, harbours, docks, piers, quays, canals, light railways, tramways, markets, and waterworks	187,100,454
On bridges, ferries, tunnels, schools, fire appliances, highway and street improvements, hospitals, housing of the working classes, land drainage, libraries and museums, lunatic asylums, parks, police-stations, sewage-works, public buildings, etc.	206,781,692
Total	£393,882,146

This is apparently meant to be a division into revenue-producing and non-revenue-producing expenditure, and in the main it is. The total revenue from the first group, excluding baths and cemeteries, in 1903-4 was £22,954,467, from the second group, adding baths and cemeteries, only £1,329,933, the total being £24,284,400. The *Report* does not give the estimated capital value of these undertakings, but the preceding report states that the capital value of the undertakings and other property of the councils of towns on March 31, 1903, was £241,135,270. If the country had anything like this proportion of assets as a set off to the national debt, it would be something to be proud of, but the local authorities, some would have us believe, are on the easy slope to ruin. It is useless to argue with people who believe that the relation between assets and liabilities is the same in the case of a town council and a brewery. A sewer which has cost £5000 to lay and lowered the death-rate of the streets it serves by half a point per thousand, would probably not fetch the price of an old song in the open market. In 1903-4 the local authorities raised £31,279,470 of new loans, but only added £23,274,653 to their outstanding loans. They therefore reduced their old principal by over £8,000,000; the total amount spent in repayment of principal and payment of interest was £21,675,645, being 16·8 per cent. of the whole expenditure. At the end of 1903-4 the amount of outstanding loans was £11 16s. per head of the population, and £2 0s. 5d. per £ of rateable value.

For London only the figures are £15 12s. and £1 15s. respectively. The following table gives the recent history of local finance :—

				Increase per cent. in				
				Amount of public rates raised.	Grants, etc., from imperial exchequer.	Rates and grants taken together.	Amount of outstanding loans.	Amount of rateable value.
1879-80	as compared with	1874-75		14·7	63·7	18·6	47·5	15·7
1884-85	"	"	1879-80	16·6	31·6	18·2	26·5	8·8
1889-90	"	"	1884-85	8·0	80·1	16·9	14·7	3·4
1894-95	"	"	1889-90	22·2	37·9	25·2	18·5	7·1
1899-1900	"	"	1894-95	20·3	36·2	23·7	24·9	9·0
1903-04	"	"	1898-99	37·1	32·4	36·0	42·6	13·2
1908-04	"	"	1902-03	5·2	22·1	8·6	6·3	1·9
1908-04	"	"	1874-75	175·8	828·6	228·3	324·4	68·4

The inference is clear : local needs are increasing much faster than local resources as measured by rateable value. To increase the rate per £ to meet all local needs is impossible. So far local resources have been increased by loans and by payments from the imperial exchequer, and these have increased much faster than the rates. The problem then is to find fresh sources in order to meet fresh needs, for the rough and ready method of having no fresh needs is inadequate if not impossible. It is rather unfortunate that the same problem should be confronting us in national and local finance.

The *Report from the Select Committee on Income Tax* (House of Commons Paper No. 365 of 1906, 49 pp., 5½d.) has been issued. The committee was appointed "to inquire into and report upon the practicability of graduating the Income Tax, and of differentiating, for the purpose of the tax, between permanent and precarious incomes." So much attention has been given of late to the Income Tax that some redrafting of its principles seems probable.¹ The Chancellor of the Exchequer would like to see it made more productive, while many people think that it can be made more equitable. The committee heard evidence from Sir Henry Primrose, Mr. Mallet, and other official experts, and from Mr. Bowley, Mr. Chiozza Money, and other unofficial authorities. The evidence and memoranda to be published subsequently will contain a valuable mass of evidence. The chairman (Sir Charles Dilke), Sir Thomas Whittaker, and Mr. McCrae drew up draft reports ; of these the committee selected that of Sir Thomas Whittaker as a basis,

¹ Cf. for other recent Blue Books the *Economic Review* for October, 1906, pp. 481-4, and for January, 1906, pp. 91-5.

and by strenuous sub-editing evolved from it its own *Report*. Two-thirds of Sir Charles Dilke's report is occupied with a description of the Income Taxes of other countries and a summary of the evidence, and even when he turns to outline the proposals of the committee he doubles back into evidence and history. The committee declare in favour of graduation and differentiation. The conclusions are as follows :—

1. Graduation of the income tax by an extension of the present system of abatements to £1000 or even more is practicable.

2. Graduation by a super-tax is practicable : If it be desired to levy a much higher rate of tax upon large incomes (say of £5000 and upwards) than has hitherto been charged, a super-tax based upon personal declaration would be a practicable method.

3. Abandonment of the system of collection at the source and adoption of the principle of direct personal assessment of the whole of each person's income would be inexpedient.

4. Differentiation between earned and unearned incomes is practicable, especially if it be limited to earned incomes not exceeding £3000 a year, and effect be given to it by charging a lower rate of tax upon them.

5. A compulsory personal declaration from each individual of total net income in respect of which tax is payable is expedient, and would do much to prevent the evasion and avoidance of income tax which at present prevail.

That our present income tax is carefully graduated up to £700 a year is one of those common facts which escapes the notice of most people. The following table shows this graduation :—

Income before abatement.	Taxable income after abatement.	Tax paid at 1s. in £.			Virtual rate of tax.
£	£	£	s.	d.	d.
161	1	0	1	0	0·07
180	20	1	0	0	1·33
200	40	2	0	0	2·40
220	60	3	0	0	3·27
240	80	4	0	0	4·00
260	100	5	0	0	4·61
280	120	6	0	0	5·14
300	140	7	0	0	5·60
320	160	8	0	0	6·00
340	180	9	0	0	6·35
360	200	10	0	0	6·66
380	220	11	0	0	6·94
400	240	12	0	0	7·20
420	270	18	10	0	7·71
440	290	14	10	0	7·90

Income before abatement.	Taxable income after abatement.	Tax paid at 1s. in 2.			Virtual rate of tax.
£	£	£	s.	d.	d.
460	310	15	10	0	8·08
480	330	16	10	0	8·25
500	350	17	10	0	8·40
520	400	20	0	0	9·23
540	420	21	0	0	9·33
560	440	22	0	0	9·42
580	460	23	0	0	9·51
600	480	24	0	0	9·60
620	550	27	10	0	10·64
640	570	28	10	0	10·68
660	590	29	10	0	10·72
680	610	30	10	0	10·76
700	630	31	10	0	10·80

In his budget speech in 1853 Mr. Gladstone said, "I think it is on all hands agreed that it (*i.e.* the income tax) is not adapted for a permanent portion of your fiscal system, unless you can by reconstruction remove its inequalities." The idea of getting rid of the income tax during peace has been dropped simply because our peace expenses are greater than the war expenses of the first half of last century. Gladstone's reconstruction in 1853 did not go very far. There was some graduation by abatements and a slight attempt at differentiation by exempting savings invested in life assurances and annuities. Its permanency being now assured, its reconstruction is necessary. Sir Henry Primrose was very cautious in his evidence, but even he said, "There is no doubt room for an extension of the present graduation by degression without serious objection." A progressive super-tax on incomes of over £5000 a year might be very productive. A super-tax rising from 3*d.* on incomes of £5000 to 1*s.* on incomes over £40,000 a year would yield £3,250,000, but if evasion followed, and the super-tax was accompanied by relief to incomes between £700 and £1200, the net result would not profit the Exchequer very much. But the limit of evasion is, perhaps, nearly reached, as it ought to be after many years of skilful administration of the tax. The big jump in the tax during the late war was not accompanied in England and Wales by a decreased yield for each penny of the tax. Moreover, the large incomes come under the review of the Inland Revenue Department in its administration of the death duties, and this must have decreased opportunities of evasion. Sir Henry Primrose gave some important statistics intended to show that the death duties are really deferred or anticipated income taxes on permanent incomes, and thus produce the differentiation desired. Turned into equivalent super-taxes on income

from estates liable to estate duty, they would range (1) if paid by the deceased from 6*d.* in the £ on estates yielding £40 to £400 per year to 1*s.* in the £ on estates yielding £4000 to £6000, and 1*s.* 3½*d.* in the £ on estates yielding over £40,000 a year ; (2) if paid by the successor the amounts in the £ would be 9*d.*, 1*s.* 6*d.*, and 2*s.* respectively. This is a very ingenious argument against differentiation, but it overlooks the very different theoretical basis of the death duties. The question of a personal declaration of total income is a very important one. It is often said to be tyrannical, inquisitorial, and so forth, but two-thirds of the income-tax payers already make one simply to serve their own ends, and there does not seem to be any reason why the other third should not make one to serve the ends of the State. There were three estimates of gross national income given in evidence by the experts, and owing to the unsatisfactory nature of our statistics there is scope enough for doubt and disputation.

Take the following supposed case of a mixed income of £5000 a year.

	£	Appears in returns of schedule				
(i.)	500	from ownership of houses .. .. .	..	..	..	A
(ii.)	200	" occupation of land .. .. .	..	..	..	B
(iii.)	200	" Government securities .. .. .	..	..	..	C
(iv.)	100	" literary work .. .. .	..	..	..	D
(v.)	2500	" partnership (total profits of firm £5000) ..	..	..	..	D
(vi.)	500	" investments in a public company (total profits of company £55,000) .. .. .	..	..	..	D
(vi.)	100	" investments in municipal stock .. .. .	..	..	..	D
(vii.)	100	" foreign investments .. .. .	..	..	..	D
(viii.)	500	" salary as a land agent .. .. .	..	..	..	D
(ix.)	300	" salary as a borough auditor .. .. .	..	..	..	E

The income *as a whole* would not appear in any of our tables illustrating the income tax : i.-iii. would not appear in any tables illustrating its stratification ; iv.-ix. would appear in different strata. The only item in which there would be much chance of evasion would be the earnings as an author, and some opportunity in the important item of the partnership.

The limit of abatement is elastic, but would be reached when the administrative difficulty of refunding taxation deducted at the source was too great to be easily coped with, and when the amount of money withdrawn from circulation in payment of the tax was injurious to the commercial interests of the community. Bankers complain that the tightness of the money market in spring is seen now mainly due to payments of the income tax. It is not easy to see how these payments reduce the amount of gold and notes available in the country.

Extraordinary expenditure on geese and turkeys and other "good things" at Christmas ought to have a similar effect.

The *Report of the Vice-Regal Commission on Poor Law Reform in Ireland* (Cd. 3202, 82 pp., 9d.) is a document which vividly explains the existence of an Irish problem. History is commonly said to repeat itself, but here we have a case in which history must not be allowed to repeat itself. In 1836 a Royal Poor-Law Commission for Ireland reported that the English workhouse system was unsuitable for Ireland. The difficulty in England had been to compel a pauperized population to rely on its own resources. The difficulty in Ireland—2,385,000 people out of 8,175,000 were always in "great need" of food—was to find employment for people who were willing to work even for the pittance of 2d. a day. The 1836 Commission recommended two methods of attacking the difficulty ; (i.) *direct* : assisted emigration ; penitentiaries for vagrants ; public institutions for poor persons under permanent bodily infirmities ; outdoor relief for the aged and infirm, orphans, widows with very young children, and the casually destitute ; (ii.) *indirect* : the development of the resources of Ireland by reclaiming waste land, drainage works, agricultural education, useful public works, and so forth. Lord John Russell sent Mr. (afterwards Sir) George Nicholls to Ireland to report on this report. It was his first visit, and he stayed there six weeks. Supported by G. C. Lewis, he recommended the throwing over of the entire report and the institution in Ireland of the new English system, which was wanted in Ireland, said Lewis, "in order to detach the peasant from the soil" and establish, as in England, capitalist cultivators paying wages to labourers. Lord John introduced (Dec. 1, 1837) a bill to effect this kind of poor-law reform, remarking in his speech that the commissioners had bestowed too much consideration on how to use the resources of the State to improve the general welfare of the country. The present Commission adopt in its entirety the spirit of the Report of 1836. They do not detail any modes of developing the resources of the country, because the ideas of 1836 have since been carried out piecemeal, and it is now generally agreed that what the State can do to develop the resources of Ireland ought to be done. Their suggested reforms of the existing poor-law system are bold and incisive, and include (1) the abolition of workhouses ; (2) the segregation of their inmates, who are divisible into ten classes, in separate institutions ; (3) labour houses for casuals, vagrants, and ne'er-do-wells. This latter, they recognize, involves some interference with individual liberty, but they fortify themselves, in a delightful way now seldom seen, by an apt quotation from J. S. Mill.

The *Tables showing the Progress of Merchant Shipping in the United Kingdom and the Principal Foreign Countries* (House of Commons Paper No. 323 of 1906, 87 pp., 9d.) display very clearly the preponderance of the British people in the shipping world. Judged by percentages, some of the other countries are doing very badly. In 1860 France had 41·4 per cent. of her oversea trade of 8,456,736 tons ; in 1904 only 26·1 per cent. of 40,345,498 tons ; while the British share had risen from 29·8 per cent. to 35·0 per cent. Japan has the same history, gaining in national tonnage, but declining in the percentage of total tonnage. The United States has fallen enormously both absolutely and in percentages.

	Tons.			Percentages.		
	National.	British.	Other.	National.	British.	Other.
1860	12,087,209	4,067,632	910,284	70·8	23·9	5·8
1905	8,379,528	25,121,232	16,812,359	6·8	50·4	32·8

GEORGE W. GOUGH.

THE ECONOMIC POSITION.

I. THE MONETARY CRISIS.—In the course of preceding articles it has been necessary to invite attention to the continued upward growth of the index numbers of wholesale prices of commodities both in the United States and in the United Kingdom, and some doubt has been expressed as to the effect of this continued growth upon the general stability of business conditions.

The statistics for November, 1906, reveal a further expansion. The American Bradstreet number at this date attains the record level of 8·7409, and the British numbers are also very high.

It is evident that this rise in the value of commodities must cause a corresponding increase in the face value of the cheques and bills of exchange drawn against these commodities in bulk, and consequently both in the United States and in the United Kingdom the statistical figures recording the bank clearings relating to transactions in these cheques and bills of exchange must in their turn become correspondingly larger. The following official records illustrate this growth :—

I. U.S.A. AMOUNT OF EXCHANGES IN CLEARING HOUSES.

								Dollars.
1896	..	..	..	..	..	..	..	51,936,000,000
1897	..	..	..	..	..	..	..	54,179,000,000
1898	..	..	..	..	..	..	..	65,918,000,000
1899	..	..	..	..	..	..	..	88,823,000,000
1900	..	..	..	..	..	..	..	84,582,000,000
1901	..	..	..	..	..	..	..	114,820,000,000
1902	..	..	..	..	..	..	..	115,892,000,000
1903	..	..	..	..	..	..	..	113,963,000,000
1904	..	..	..	..	..	..	..	102,356,000,000
1905	..	..	..	..	..	..	..	140,502,000,000

Part of this growth is due to the normal growth of trade, but the increase has been far too rapid to reflect merely this natural growth, and the figures undoubtedly exhibit the other aspect of artificial inflation. The same process is continuing in 1906, the figures to date showing a substantial advance over those of 1905...

The same tendency is visible in the British banks, and in this

connexion it is most important to remember that the Bank of England is increasingly dealing with American money. There is no "Bank of America." The power wielded by a central financial institution of this character is thought to be antagonistic to the federal principle, and popular feeling in the United States has declined to sanction the formation of a Bank of America. Consequently the American national banks tend more and more to lean upon the Bank of England in times of stringency, and the resulting financial transactions become visible in the British Bank returns. The growth in the British Bank clearings will be seen from the following table:—

II. BRITISH BANK CLEARINGS.

								£
1896	..	..	..	..	..	..	..	7,575,000,000
1897	..	..	..	..	..	..	..	7,491,000,000
1898	..	..	..	..	..	..	..	8,097,000,000
1899	..	..	..	..	..	..	..	9,150,000,000
1900	..	..	..	..	..	..	..	8,980,000,000
1901	..	..	..	..	..	..	..	9,561,000,000
1902	..	..	..	..	..	..	..	10,029,000,000
1903	..	..	..	..	..	..	..	10,120,000,000
1904	..	..	..	..	..	..	..	10,564,000,000
1905	..	..	..	..	..	..	..	12,288,000,000

It is true that 1896 was an unfavourable year, as it was at the bottom of a depression; but, in any case, the two tables taken together show an increase during the decade of, roughly, some £17,000,000,000 in the American clearings and of nearly £5,000,000,000 in British clearings; and in both cases the 1906 figures show advances even above these stupendous amounts.

It is clear that these vast increases should be based upon a corresponding increase in the gold reserves, but there is room for apprehension that this has not been the case. The following figures show the annual gold production during the decade:—

III. ESTIMATED VALUE OF GOLD PRODUCED 1896-1906.

								£
1896	..	..	..	..	..	..	..	41,713,715
1897	..	..	..	..	..	..	..	48,780,511
1898	..	..	..	..	..	..	..	59,538,652
1899	..	..	..	..	..	..	..	64,652,663
1900	..	..	..	..	..	..	..	53,883,164
1901	..	..	..	..	..	..	..	54,774,769
1902	..	..	..	..	..	..	..	61,328,330
1903	..	..	..	..	..	..	..	67,021,856
1904	..	..	..	..	..	..	..	71,105,827
1905	..	..	..	..	..	..	..	77,358,466
								<u>600,158,053</u>

It is scarcely safe to reckon that more than £450,000,000 to £500,000,000 of this total has gone into the world's gold reserves after deducting consumption in the arts, and loss by wear and tear, and even allowing the proportion of this £500,000,000 that has gone into American and British hands to be reckoned as high as one half, there is only some £250,000,000 to set against an increase in bank clearings of £22,000,000,000.

It is scarcely surprising, in view of these figures, to witness an increasing struggle for gold among the chief commercial nations, and the acute form that this struggle is now taking renders it desirable to record the chief events that are taking place bearing upon this question.

The first point to note is that both London and New York began the year 1906 in a worse financial position than they occupied in 1905. In New York the Associated Banks had, on January 6, 1906, only £33,468,000 of specie as against £40,736,000 on January 7, 1905. Their total reserve (specie and legal tender notes) was £49,302,000 as against £57,780,000 in 1905. In London the Bank of England had £28,748,593 in coin and bullion on January 3, 1906, as against £31,089,532 on January 4, 1905, while the reserve made a still worse showing of £17,849,043 as against £20,931,807.

The fluctuations in gold, however, are so erratic that these figures—significant as they are—might have been accidental, were it not that they accurately represent the trend of events throughout the year. The New York banks, for example, managed to keep over £40,000,000 in specie during the whole of the first three quarters of 1905. In 1906, on the contrary, the most strenuous efforts have failed to get the specie up to this figure except on one week of the year, October 13; but this temporary rise was accompanied by an equivalent fall in the British reserve, which sent the Bank of England rate of discount up first to 5 per cent., and then sharply to 6 per cent. For the British reserves had themselves been on a slightly lower level than in 1905, and the sudden efflux of gold caused a quiver to run through the whole British banking world.

It is desirable, in view of this situation, to give a summary of the chief events of 1906 that related to this question.

II. PRINCIPAL EVENTS OF 1906 AFFECTING GOLD RESERVES.

January.—Bank of England and New York Associated Banks start year with smaller gold reserves than in 1905. Imperial Bank of Russia raises rate of discount from 7 per cent. to 7½ per cent., and later to 8 per cent.

February.—New York sterling exchange on London falls slowly.

Liberal supply of bills against American securities placed in Europe by U.S.A. banking houses.

March.—New York exchange on London continues to fall slowly.

April.—New York exchange on London falls more rapidly.

April 5.—Bank of England reduces rate of discount to $3\frac{1}{2}$ per cent. (NOTE.—This step seems to have been scarcely prudent. The stock of bullion was lower than in 1905, as was also the ratio to liabilities. In view of the upward tendency of commodity prices and business generally, it would appear to have been better to have allowed more gold to accumulate before reducing the rate.)

April 7.—New York banks report deficiency of £512,000 below legal minimum reserve.

April 9.—New York sterling exchange on London for cable transfers falls from 4·8515 to 4·8460.¹

April 10.—New York exchange falls from 4·8460 to 4·8370.

April 11.—America withdraws £452,000 in gold from Bank of England, and buys all available gold in market. Price of gold rises to 78s. per ounce.

April 12.—New York exchange rises from 4·8375 to 4·8525.

America withdraws £201,000 in gold from Bank of England.

April 14.—Secretary of American Treasury orders additional Government deposits to American banks equivalent in value to gold engaged by them in Europe for shipment. This step, which was limited to \$25,000,000, annihilated the distance between New York and London, and enabled the American banks to pay gold over the counter, without loss to themselves, half an hour after they had received a cable advice that the metal had been engaged in London. (The record of the course of the exchange during the previous few days indicates that this plan must have been known in certain circles in America before it was officially announced.)

America withdraws £500,000 in gold from Bank of England.

April 16.—America withdraws £201,000 in gold from Bank of England.

April 18 (5.13 a.m.).—Great earthquake and partial destruction of San Francisco, heavily involving British fire insurance companies. (The relation of dates is interesting. They show that the April drain of gold was antecedent to, and not consequent upon, the earthquake. This incident, however, involved the British fire insurance companies in sudden liabilities to America amounting to £10,500,000 approximately, and greatly increased the power of America to draw gold from the Bank of England).

¹ The minimum "cable transfer" quotation is used throughout.

April 19.—America withdraws £80,000 in gold from Bank of England.

April 20.—America withdraws £52,000 in gold from Bank of England.

April 21.—America withdraws £251,000 in gold from Bank of England. (The course of sterling exchange continues to be noteworthy. It rose from 4·8370 on April 10 to 4·8605 on April 16. It remained fairly steady at this level till the day of the earthquake, when it fell at once. It reached 4·8525 on April 19 and 4·8450 on April 20. It remained about this low level until the end of the month and for the first few days in May. After the British bank rate was raised, it remained steady at about 4·8580 during May.

April 23.—America withdraws £301,000 in gold from Bank of England.

April 24.—America withdraws £351,000 in gold from Bank of England.

April 28.—America withdraws £201,000 in gold from Bank of England.

April 30.—Secretary of American Treasury widens scope of his plan of April 14 for facilitating gold imports by removing the limit of \$25,000,000 and allowing the scheme to apply to imports of gold to any amount.

May 1.—America withdraws £208,000 in gold from Bank of England.

May 3.—America withdraws £454,000 in gold from Bank of England. Bank of England raises rate of discount to 4 per cent. (This step was taken none too soon. The ratio of reserve to liabilities had been getting smaller each week, and had dwindled on May 2 to 38 $\frac{3}{4}$ per cent.—a very low ratio for this time of year.

May 5.—America withdraws £201,000 in gold from Bank of England.

May 8.—America withdraws £201,000 in gold from Bank of England.

May 9.—Exchange rises to 4·8590, and the gold drain on the Bank of England ceases. There were no more gold withdrawals during this month, and America ceased to bid for bar gold in the London market.

May 21.—Bank of Germany reduces rate of discount from 5 per cent. to 4 $\frac{1}{2}$ per cent.

May 31.—American official returns show that during April \$15,000,000 worth of gold and gold ore, and during May \$35,000,000 worth, were imported into the States (making in all \$50,000,000). Of this total more than half came from Great Britain, and about one-fifth from France.

June, July, August.—These months passed without any special movement, either in rate of exchange or in transfers of gold. The Bank of England, following the same rather sanguine policy as hitherto, reduced the 4 per cent. bank rate to $3\frac{1}{2}$ per cent. on June 21, although at this date the stock both of coin and bullion was lower than at the corresponding period in 1905, the reserve was less, and the ratio of reserve to liabilities lower (49 as against 51). Towards the end of August, however, warning signs began to appear that another period of activity was at hand, and the sterling exchange, which had been declining slowly, began to fall more rapidly, and by August 31 had reached the low level of 4·8390.

September.—At a moment when British business men were scattered in holiday resorts and oblivious of all business cares, the New York sterling exchange continued steadily to fall, and on September 5 it again reached 4·8375, the minimum figure of the April drain.

September 5 (4 p.m.).—American Secretary of Treasury renewed the process adopted by him in the spring for the facilitation of gold imports, and he agreed, moreover, to accept any bonds that were legal investments for the savings bank of New York and Massachusetts. The offer, annihilating distance, was stated this time to apply to importations direct from Australia or any other distant point.

September 5.—America withdraws £403,000 in gold from Bank of England, and enters the London market for bar gold. Gold price goes up to 77·11½*d.*

September 6.—America withdraws £403,000 in gold from Bank of England, and also buys all the available supply of gold bars in the London market at the high price of 78·0½*d.*

September 7.—America withdraws £604,000 in gold from Bank of England.

September 8.—New York banks, for the second time in the year, report a deficiency in cash reserves of £1,316,000 below legal minimum. America withdraws £500,000 in gold from Bank of England.

September 10.—America withdraws £202,000 in gold from Bank of England.

September 11.—America withdraws £1,003,000 in gold from Bank of England.

September 13.—America withdraws £400,000 in gold from Bank of England, and buys all available gold bars in London market at high price of 78·0½*d.*

September 13.—Bank of England raises rate of discount to 4 per cent. (This step appears to have been taken much too late. Even

when it was taken the increase seems inadequate. The action was in accord with the sanguine view of the situation that seems to have been taken at the Bank during the whole of 1906.)

September 18.—Bank of Germany raises rate of discount to 5 per cent.

September 19.—America withdraws £75,000 in gold from Bank of England.

September 20.—America buys all arrivals of gold bars in London during preceding week.

September 26.—Bank of England, having its supplies thus cut off, loses £352,000 on balance during the week.

September 27.—America again buys all supplies of gold bars in London market, but does not have recourse to the Bank. Later in afternoon American Secretary of Treasury announces that in view of exceptional stringency in America, \$26,000,000 of Government cash would be deposited in the banks.

September 28.—America withdraws £312,000 in gold bars from the Bank of England.

September 29.—Egypt begins to withdraw gold from Bank of England to move cotton crop.

September 30.—American official returns show that during September \$31,500,000 worth of gold and gold ore were imported into the States. Of this nearly three-fourths came from Great Britain.

October 3.—Bank of England, still with its supplies cut off, loses £1,356,000 on balance during the week.

October 4.—America again buys up all supplies of gold bars arriving in London.

October 10.—Bank of England, still with its supplies cut off, loses £1,985,000 on balance during the week. The Bank of England was now in a very weak condition, the stock of coin and bullion having dwindled to £29,119,163, the reserve to £18,289,833, and the ratio of reserves to liabilities being as low as 35½ per cent. Imperial Bank of Germany raises rate of discount to 6 per cent.

October 11.—Bank of England raises rate of discount to 5 per cent., higher than it had been since 1901. New York sterling exchange rises to 4·8590, and American demand for bar gold in London market slackens.

October 12.—Exchange falls to 4·8575.

October 13.—Exchange falls to 4·8530.

October 15.—Exchange falls to 4·8525.

October 16.—Exchange falls to 4·8520.

October 17.—Bank of England, resuming its supplies, only loses £465,000 on balance during the week. Exchange falls to 4·8505.

October 18.—Bank of England directors at weekly meeting resolve not to change rate of discount from 5 per cent. New York exchange, which has been falling steadily since rate was raised to 5 per cent. on October 11, now falls more smartly to 4·8465 on the announcement of the Bank decision.

October 19.—Governor of the Bank of England on his personal initiative raises rate of discount to 6 per cent. This is the highest rate for seven years, the last occasion having been at the beginning of the Boer War in November, 1899. This unexpected action, reversing the decision of the previous day, electrified all the markets, and showed that the Bank of England had at last abandoned its somewhat supine attitude, and was now thoroughly on the alert, and alive to the danger attendant upon the rapid fall in the New York exchange. The effect was instantaneous, and all the exchanges began to rise. New York rises smartly to 4·8540.

October 20.—Exchange rises to 4·8610.

October 22.—Exchange rises to 4·8660.

October 23.—Exchange rises to 4·87. Secretary of American Treasury, in view of situation created by his action in facilitating gold imports, revokes his order. He also permits banks having deposits of Government funds with Government bonds as collateral to substitute up to a total of \$18,000,000 municipal securities for the Government collateral, conditionally upon the Government bonds being used for basis for the taking out of new circulation.

October 24.—Bank of England, with its supplies resumed (for the 6 per cent. rate had shut out all foreign competition for the bar gold in the market), still loses £1,048,000 on balance during the week. Exchange rises to 4·8715.

October 27.—Egypt ceases to withdraw gold from Bank of England. The withdrawals, however, since September 29 had been unusually heavy, a total sum of £4,985,000 having been withdrawn during this period. This exceptional demand, due to a cotton crop of unusual magnitude, constituted a heavy strain upon the already straitened resources of the Bank of England.

November 1.—Bank of England is now enabled to reduce its buying price for bar gold to 77·9½*d.*, and secures the whole of the arrivals from South Africa.

November 10.—New York banks, for the third time in 1906, report a deficiency below the legal minimum reserve of £303,000.

November 16.—In view of the situation in London, the Bank of

France comes to the aid of the Bank of England, and allows some gold to be transferred across the Channel. The first parcel—in the shape of American eagles—of £108,000 total value is credited to the British bank. It should be remembered that the Bank of France is governed by a bimetallic law, which allows it to pay out either gold or silver at its discretion. Therefore no considerable quantity of gold can leave the bank unless the directorate permit it. The present action is due partly to a desire that the British Bank rate should not be raised still higher, and partly to the normal working of the exchange machinery, the high rate in London making it more profitable to employ gold in London than in Paris. The payments also are believed to have some connexion with a large loan negotiated in Paris by the Pennsylvania Railroad Company.

November 17.—Secretary of American Treasury, having visited New York, announces that he sees no need of giving further assistance to the money market.

November 21.—A new competitor for gold appears in London. The Republic of Brazil, having passed a law converting the debt, fixes the value of the milreis at 15*d.* on and after December 12. As the exchange value of the milreis is 15 $\frac{2}{18}$ *d.*, it becomes a profitable operation to send out gold for the purpose of getting notes at 15*d.*, which would immediately have the purchasing power of 15 $\frac{2}{18}$ *d.* Brazil therefore withdraws £700,000 from the Bank of England.

November 22.—Bank of England continues to take all bar gold offering in London market, and fixes price at 77·9*d.* per oz. The weekly transactions of the Bank now no longer show a loss on balance, and this position slowly improves.

December 1.—New York exchange on London, which has been hovering between 4·8715 on October 24 and 4·8635 on November 30, falls to 4·8605.

December 4.—New York exchange falls to 4·8595.

December 5.—New York exchange falls to 4·8565.

December 5.—President of Imperial Bank of Germany appeals to Government and people in Germany to lessen their use of gold, and expresses hope that bank-note issue of 20 marks and 50 marks denomination, authorized by Reichstag in spring of 1906, will enable people to dispense with gold in making small payments.

December 6.—New York exchange falls to 4·8535.

December 6.—America, Secretary of Treasury, in view of monetary position in New York, announces that on and after December 15 he will pay at once dividends on Government stock that will not really become due until between January 1, 1907, and May, 1907, without

charging any extra interest for the prepayment. The total value of these dividends thus prepaid is estimated at \$12,000,000.

December 7.—New York exchange falls to 4·8490.

December 8.—New York exchange falls to 4·8450. New York banks, for the fourth time in 1906, report a deficiency below the legal minimum reserve of £1,341,000. This deficit in the reserve is stated to be the largest at this date since 1893.

December 10.—British Chancellor of Exchequer questioned in House of Commons as to the fall in value of Consols and other Trustee Securities. (The cause of the fall is obviously the high rates of interest that can now be obtained for money). American Secretary of Treasury confers with Committee of American Banker's Association at Washington, and announces that he will deposit from Treasury balances \$10,000,000 against Savings Bank bonds, half to be returnable January 20, 1907, and half February 1, 1907. He also offers to buy \$10,000,000 of 1907 Fours at 101, ex interest.

December 15.—American Treasury makes heavy payments to American banks under secretary's recent ruling. New York Banks, for the fifth time in 1906, report a deficiency below the legal minimum reserve of £339,000.

December 18.—Imperial Bank of Germany raises rate of discount to 7 per cent. (This rate has only once previously occurred, i.e. in December, 1899, at the time when the Boer war was exercising great pressure upon the English money market).

December 19.—New York exchange falls to 4·8425. It is now possible to withdraw further gold from London, and New York actually buys £50,000 worth of bar gold in the London market. The New York bankers, however, most strongly discountenance the proceeding, and no further gold is withdrawn. British Institute of Bankers discuss position of British gold reserves. Various American companies offer to anticipate payments of dividends falling due in January.

December 20.—British Chancellor of the Exchequer questioned as to the issue of £1 notes in England, but declines to commit himself, and states that the question of the British gold reserves in all its aspects is engaging his careful attention. Directors of Bank of England hold a protracted meeting to consider situation, but finally resolve not to increase Bank rate beyond 6 per cent. Intimation is given, however, that the beginning of an American withdrawal of gold would be immediately followed by an increase in the rate.

December 21.—£606,000 received by Bank of England from Paris. This flow of gold from the Bank of France has been continuing fairly steadily since it began on November 16. The total receipts to date

have been close upon £3,000,000, thus helping the Bank of England round a very awkward corner.

December 24.—Exceptionally high rates of interest charged in London by bankers for "carrying over" American stocks. It is stated that these rates are higher than has been known for twenty years.

December 26.—American Secretary of Treasury visits New York to confer with international bankers upon threatening situation.

December 27.—New York exchange falls to 4·8405.

The present situation is critical, but the New Year should witness the return of currency to New York from the interior of America, and there are other circumstances which may yet come into play to avert, or at any rate postpone, the threatened crisis. The position is being discussed at length in all the chief British and American economic journals, and the following sentence, used by the London *Economist* on December 22, 1906, pertinently sums up the general attitude: "The monetary situation presents anomalies, aspects, and anticipations which render its study of profound interest, and it may be doubted whether the evolution of practically a new order of circumstances does not stand out as one of the most noticeable features of the year which is on the point of termination."

TREASURY RETURNS.—(i.) *British.*—The condition of the national revenue to December 1, 1906, continues to be highly satisfactory. In customs the reduction in the tea duty from 6*d.* to 5*d.* per lb. has been in operation since May 14, 1906, and the coal export duty was abolished on November 1, 1906. The Chancellor estimated that these reductions in customs receipts would cost the Treasury £2,000,000 in the financial year expiring March 31, 1907, but the reduction to December 1 is only £540,000. There is thus evidently plenty of margin for the four months yet to run.

The growth in the income from the Death Duties is sufficiently remarkable to deserve mention.

IV. REVENUE RECEIVED FROM BRITISH DEATH DUTIES. (April to December.)

					£
April 1, 1904, to December 3, 1904	..	..	..	..	7,992,000
" 1905, " 2, 1905	..	..	..	..	8,631,000
" 1906, " 1, 1906	..	..	..	..	10,063,000

The total national revenue to date exceeds that of 1905-6 by over £1,250,000. On the other hand, the total national expenditure is over £4,000,000 less. The total net financial improvement in the Treasury

position to date over the equivalent period in 1905-6 is thus over £5,250,000, notwithstanding the reductions in taxation and the increased contribution to the Sinking Fund. It is now practically certain that the surplus in 1907 will be very handsome, and although this surplus, according to law, will have to be allocated to the redemption of the National Debt, the improving financial position should justify the Chancellor in announcing further large remissions of taxation.

One of the comforting results of this prudent financial policy is the progressive reduction of the Treasury overdraft. At the end of December the Treasury always occupies its most unfavourable position. Taxpayers persistently decline to pay the income tax until towards the end of the financial year, but the Government has to find the salaries of the Navy, Army, and Civil Service constantly throughout the year. Consequently there is a gradually increasing overdraft until December, when it is rapidly paid off. The lower this overdraft is, of course, the smaller the sum that has to be paid for the temporary financial accommodation, and, with a 6 per cent. bank rate, it is peculiarly comforting to be able to record this progressive diminution.

V. BRITISH TREASURY—EXCESS OF CURRENT EXPENDITURE
OVER CURRENT RECEIPTS.

								£
December 3, 1904	..	..	..	..	..	..	..	13,535,968
" 2, 1905	..	..	..	..	..	..	..	10,011,447
" 1, 1906	..	..	..	..	..	..	..	4,356,167

(ii.) *American*.—The Washington Treasury continues to maintain its recently improved position, and the first four months (July to October inclusive) of the American financial year 1906-7 show a pleasant surplus. The great improvement in the recent position can be seen from the following table :—

VI. AMERICAN TREASURY—BALANCES.
(4 months, to October 31.)

							Dollars.
October 31, 1904 (deficit)	..	..	..	..	..	..	- 21,800,000
" 1905 (deficit)	..	..	..	..	..	..	- 14,792,000
" 1906 (surplus)	..	..	..	..	..	..	+ 8,495,000

This difference has been obtained without legislative changes, and is seemingly the outcome of improved trade and the more searching administration of the Roosevelt Cabinet. It is noteworthy that the improvement which has been hitherto due solely to increase of the

receipts is now reinforced by a diminution of the expenditures. The total expenditure for the four months to October 31, 1906, is \$3,749,000 less than for the corresponding period in 1905. This is chiefly due to the reduced expenditure debited to the Navy. During the whole calendar year 1906 the Navy is debited with \$10,000,000 less than in 1905, but this may possibly be a question of accounting, as the new sub-head "Public Works" shows, during the same period, an increase of \$16,000,000, and it may simply mean that charges hitherto debited to the Navy are now debited to "Public Works."

CURRENT FOREIGN TRADE.—British Foreign Trade.—The British foreign trade returns continue to show remarkable increases, though in considering their totals, regard should be had to the constant increase in the price-level of commodities. The returns to November 30, 1906, are as follows :—

VII. BRITISH IMPORTS.
(11 months, ending November 30.)

	1904.	1905.	1906.
	£	£	£
Total imports to date	498,523,697	512,173,646	553,379,384
Increase in 1906 over 1904	+ 54,855,687	—	—
" " 1905	—	+ 41,206,738	—

VIII. BRITISH EXPORTS.
(11 months, ending November 30.)

	1904.	1905.	1906.
	£	£	£
British exports	272,745,763	301,371,273	344,263,738
Foreign and colonial re-exports ..	63,881,642	70,705,412	77,417,314
Total exports	£336,627,405	£372,076,685	£421,681,052
Increase in 1906 over 1904	85,053,647	—	—
" " 1905	—	49,604,367	—

Chief Changes in Foreign Trade.—The chief changes in British foreign trade during the period from January to November, 1906, were as follows :—

§ IX. CHIEF CHANGES IN BRITISH FOREIGN TRADE (1906).
(11 months, ending November 30.)

	Net change from 1905. £
1. Exports of cotton goods Increase	7,596,233
2. Exports of iron and steel manufactures "	7,242,400
3. Imports of manufactured metals (other than iron and steel) "	5,770,729
4. Imports of non-dutiable food and drink "	5,714,181
5. Exports of coal and coke "	5,140,141
6. Exports of miscellaneous manufactures "	4,100,990
7. Imports of wood and timber "	4,084,179
8. Imports of raw wool "	3,451,368
9. Exports of machinery "	3,259,243
10. Exports of new ships "	3,054,650
11. Imports of meat "	3,008,329

The above includes all changes exceeding £3,000,000 in value. The analysis of these changes in detail is as follows:—

1. *Exports of Cotton Goods* (+ £7,596,233).—The largest increased sale is to Turkey (+ 102 million yards), the Argentine Republic (+ 35 million yards), Columbia and Panama, reflecting the Panama Canal works (+ 24 million yards), Egypt (+ 17½ million yards), and to Australia (+ 17 million yards). China continues to diminish her purchases (– 132 million yards), but the sales to China in 1906 still largely exceed those in 1904 (+ 116 million yards). The increased export of cotton manufactures to highly protected countries is still to be noted, i.e. the United States (+ 22 million yards), and Germany (+ 9 million yards). The fears expressed that Japan will cease to need British cotton goods find only slight support in the figures to date (– 9 million yards). The price paid by Japan for this slightly diminished import is greater (+ £70,000), thus possibly indicating the import of a slightly superior quality of goods.

2. *Exports of Iron and Steel Manufacture* (+ £7,242,400).—The increase continues to be widespread. Exports of pig iron have increased by nearly 500,000 tons, which, reflected in values, has brought in some £2,300,000 extra—a striking testimony to the increased value of iron. The increased demand from the United States is remarkable, as will be seen from the following table:—

X. BRITISH EXPORTS OF PIG IRON TO THE UNITED STATES.
(11 months, to November 30.)

	Quantity. Tons.	Value. £
1904	51,385	239,950
1905	162,762	704,616
1906	248,391	1,392,733

Another marked feature is the acceleration of the flow across the

North Sea into Holland (+ 160,000 tons), Germany (+ 155,000 tons), and Belgium (+ 70,000 tons). These increases, however, do not mean a corresponding diminution in British iron ore, because the increased outflow of pig iron is partly balanced by a correspondingly increased inflow of iron ore, of which the most valuable portion came from Spain (+ £880,000).

Of manufactured iron exports, galvanized sheets show an increase of nearly £1,000,000, mostly to India (+ £370,000) and Argentina (+ £260,000). The earthquakes in America probably account for the increased exports to "other countries" (+ £220,000), which includes the United States, and to Chili (+ £150,000). The stagnation in South Africa continues to be marked by diminishing purchases of galvanized sheets (— £70,000). Nearly all of the many technical divisions into which iron manufactures are grouped continue to show substantial increases, but railroad iron continues to be less in demand, the decreased export having been 75,000 tons less than in 1905. The decreased demand is chiefly from British India (— 45,000 tons).

3. *Imports of Manufactured Metals (other than iron and steel)* (+ £5,770,729).—An increase due very largely to higher prices. These high prices are having so marked an effect on the index numbers that it is desirable to record the present position.

XI. PRICES PER TON OF RAW METALS IN LONDON.

	Copper.			Tin.			Lead.		
	£	s.	d.	£	s.	d.	£	s.	d.
1902 (average)	57	0	0	121	0	0	11	7	6
1903	62	0	0	127	0	0	11	15	0
1904	63	0	0	127	0	0	12	5	0
1905	74	0	0	143	0	0	14	5	0
1906 (December 7) ..	104	5	0	197	0	0	19	10	0

It will be seen that all the prices are yet higher than they were on September 7 (p. 473).

The effect of these "rises" upon trade is given below :—

(a) *Copper*.—£1,800,000 more paid for an increased import of only 1800 tons. About £400,000 of this increase goes to Spain, and £300,000 to the United States. The bulk, however, goes to countries not separately stated in the Trade Returns.

(b) *Tin*.—£2,100,000 more paid for an increased import of only 4000 tons. The chief benefit of this accrues to the Straits Settlements, which receive £1,600,000 more for an increased export to the United

Kingdom of some 2500 tons! Australia benefits to the extent of nearly £300,000.

(c) *Lead*.—£350,000 more paid for a decreased import of 18,000 tons. Spain again derives most benefit from this rise, £450,000 more having been paid to her. Australia is not taking any advantage from this position, her exports to the United Kingdom (— 18,000 tons) being markedly below those of 1905.

4. *Imports of Non-Dutiable Food and Drink* (+ £5,714,181).—Butter accounts for about one-fourth of this increase (+ £1,722,373), about 170,000 extra cwts. having been imported chiefly from Russia and the United States. Over £1,300,000 more has been spent in cheese, due largely to higher prices. The benefit of this mainly fell to Canada, which obtained £850,000 more for sending only an extra 90,000 cwts. The same tendency, rather more markedly pronounced, is noticeable in lard, 60,000 additional cwts. being the only material result of an increased expenditure of nearly £650,000. The benefit in this case chiefly goes to the United States. Some £450,000 more has been spent in fish, chiefly in canned salmon from British Columbia.

5. *Exports of Coal and Coke* (+ £5,140,141).—The coal export duty of 1s. was abolished on November 1, 1906, and the effect of the abolition is marked by an increased export, during the month of November only, of 800,000 tons, representing in value nearly £500,000! (See vol. xv., p. 461.) Taking the year as a whole, the increased export is very large (+ 8,000,000 tons), and the increased value is also large (+ over £5,000,000). The following table shows the order of merit of the chief consumers of British coal.

XII. CHIEF PURCHASERS OF BRITISH COAL.
(11 months, to November 30.)

	Tons bought.	Price paid.
		£
1. France	8,576,257	4,262,783
2. Italy	7,313,647	4,143,251
3. Germany	6,978,326	3,190,968
4. Sweden	3,333,994	1,689,368
5. Russia	2,812,069	1,543,853
6. Argentina	2,214,172	1,518,010
7. Egypt	2,423,026	1,475,249
8. Spain	2,453,813	1,446,594
9. Denmark	2,274,740	1,154,972

The chief changes since 1905 are a large increase in the purchases

of France (+ 2,500,000 tons¹) and of Italy (+ 1,400,000 tons). Germany still shows a very slight decrease (— 80,000 tons).

6. *Exports of Miscellaneous Manufactures* (+ £4,100,960).—The chief feature here is a large increase in railway trucks and waggons exported (+ £900,000). The motor-car trade is growing apace (1904, £280,000; 1905, £436,000; 1906, £719,000), while the sale of cycles has now exceeded £1,000,000. Cement shows an increase of £260,000, linoleum of £300,000, and stationery of £150,000, while even the domestic umbrella adds nearly £100,000 to the total.

7. *Imports of Wood and Timber* (+ £4,064,179).—This item appears in this list for the first time, the increase since August 31 having been rapid. The tendency is towards higher prices, though the rise is only just beginning to be noticeable. This can be seen by comparing the November imports, where a decrease of 5000 loads of dressed timber costs some £60,000 more. On the whole year the chief change is in dressed timber, where 670,000 extra loads cost £3,200,000 more, of which £1,000,000 extra has gone to Russia, £900,000 to Canada, and £570,000 to Sweden.

8. *Imports of Raw Wool* (+ £3,451,886)—due to rather higher prices and a total increased import of 8 million lbs.; the chief increase being from India (+ 7½ million lbs.), New Zealand (+ 6½ million lbs.), Argentina (+ 4 million lbs.), and Russia (+ 3½ million lbs.). It is interesting to note that a diminished export of wool from Australia of 7 million lbs. obtains for the colony an increased payment of £500,000.

The British Empire is a large wool producer, and in the following table of the relative positions of the chief sources of home supply of raw wool the imperial sources are given in italics :—

XIII. SOURCES OF BRITISH RAW WOOL SUPPLY (1906).
(11 months, to November 30.)

Country.	Raw wool, in lbs.
1. <i>Australia</i>	217,540,929
2. <i>New Zealand</i>	144,159,810
3. <i>British South Africa</i>	54,777,459
4. <i>British East Indies</i>	44,718,868
5. The Argentine Republic	28,119,426
6. France	22,392,034
7. South America (West Coast)	19,158,712

It will be noted that the four most important positions continue to

¹ The increased French purchases to August 31, 1906, given on p. 475 as 7,000,000 tons, should have read 1,900,000 tons.

be held by sections of the British Empire, and among the remaining countries France has taken South America down by one place. There is a steady growth year by year in the quantity of raw wool imported from France.

9. *Exports of Machinery* (+ £3,259,243).—This increase consists of increases of (a) some £1,400,000 in miscellaneous machines, chiefly to countries in Europe and South America; (b) £1,000,000 in textile machinery, partly to India (+£300,000), the United States (+£200,000), and to minor European countries (+ £300,000); and (c) £900,000 in steam-engines, chiefly to South America (+ £660,000 in locomotives and £170,000 in other steam-engines).

10. *Exports of New Ships* (+ £3,054,650).—This increase is chiefly due to the recent sale of old British ships of war, but there is a steady increase in the sale of manufactured steam-ships.

11. *Imports of Meat* (+ £3,008,329).—Nearly £2,000,000 of this increase is due to higher prices for bacon, the actual increased import of this item being only 90,000 cwts. Nearly the whole of this 90,000 cwts. has come from the United States, who have taken over £1,000,000 extra for it. Canada has managed to get £400,000 more for 3000 extra cwts., and Denmark £320,000 more for 1900 cwts. less! The same kind of movement has been going on in hams, where a total increased import of 2300 cwts. has cost £360,000 extra. The balance of the total increase in this division is due to fresh beef, where there has been an increased import of 600,000 cwts. at an increased cost of over £1,000,000. The continued growth in the British supply from Argentina deserves a table.

XIV. BRITISH IMPORTS OF FRESH BEEF FROM ARGENTINA.

				Quantities.	Value.
				cwts.	£
1903	..	..	..	1,045,218	1,888,122
1904	..	..	..	1,551,147	2,306,311
1905	..	..	..	2,280,714	3,299,708
1906	..	..	..	2,613,265	3,832,399

The imports from Argentina have already passed those from the United States in quantity, and approach them in value.

12. *Imports of Raw Cotton*.—This article shows an increase of £2,531,082 over 1905, but this figure does not reveal the magnitude of the change, as the decreased quantity imported has been no less than 2,000,000 cwts. The fall has been entirely in the cotton imported from the United States, the Egyptian cotton being practically

equal in quantity to that imported in 1905. The price, however, has been much heavier (+ £1,600,000). It is noteworthy that the cash paid to Egypt for raw cotton has this year been more than one-third of that paid to the United States. Apart from India, the raw cotton grown in the British Empire continues to be quite a negligible quantity.

Shipping Clearances.—Concurrently with the growth of foreign trade, the cargoes cleared and entered are increasing. The net increase in cargoes cleared to November 30, 1906, is 4,546,139 tons, and in cargoes entered 1,749,609 tons. The percentage of the increase carried in British ships continues to be greater than in foreign ships, the ratio being roughly 3 : 2 in cargoes cleared, and 10 : 7 in cargoes entered.

THE DIRECTION OF BRITISH TRADE.—The figures are now published up to September 30, 1906, and it is proposed to continue the classification adopted in the October issue of this *Review*.

IMPORTING COUNTRIES IN ORDER OF MERIT (9 months, to September 30) :—

(a) **IMPORTING COUNTRIES OF THE FIRST CLASS (OVER £100,000,000 PER ANNUM).**

1. *United States of America.*—Imports into United Kingdom, diminishing in value during 1904 and 1905. The figures to September 30, 1906, however, show a great leap upwards, wiping out the diminutions of 1904 and 1905, and attaining the record figure of £92,149,023.

(b) **IMPORTING COUNTRIES OF THE SECOND CLASS (OVER £50,000,000 AND UNDER £100,000,000 PER ANNUM).**

2. *France.*—Steady increase year by year. The total to September 30, 1906, is £41,054,104.

(c) **IMPORTING COUNTRIES OF THE THIRD CLASS (OVER £25,000,000 AND UNDER £50,000,000 PER ANNUM).**

3. *Germany.*—1904 showed a slight set back. This was, however, more than wiped out in 1905, and there is an excellent growth in 1906, the figures to September 30 are £27,944,142.

4. *Netherlands.*—Practically stationary from 1903 to 1905. A good increase in 1906. Figures to September 30 = £26,953,163. Some of this merchandise, however, comes down the Rhine into Holland, and is thus really German in origin.

5. *India.*—This section of the empire rises from the 6th to the 5th place. The imports from India, however, are not increasing much.

1904 showed a great advance over 1903, but the figures for 1905 and 1906 are only slightly above those of 1904. To September 30, 1906, they are £25,800,725.

6. *Canada*.—This section of the empire rises from the 9th to the 6th place, chiefly owing to the unusually large leap upward of the imports sent to the mother country in 1906. This increase over 1905 to date is nearly £5,000,000, the figures to September 30 being £22,222,073.

7. *Russia*.—The rise of this country from the 10th place to the 7th is due solely to the seasonal character of the trade, the September quarter being an exceptionally favourable one. Judged by previous years, however, this country shows no progress. There was a leap upwards in 1905, but this improvement has not been maintained, and the 1906 figure has fallen back to £22,104,251, approximately the level of 1903 and 1904.

8. *Australia*.—Conversely with Russia, the fall of this section of the empire from the 5th place to the 8th disguises a real improvement. Australia for the past four years has been doing capitally, and there have been very large rises year by year since 1902. As an evidence of this great rise, it should be noted that the total to September 30, 1906, (£21,574,965), greatly exceeds that for the whole year of 1903, and nearly equals the whole year of 1904.

9. *Belgium*.—Trade was practically stationary from 1903 to 1905. 1906, however, makes a better showing, the figures to September 30 being £21,475,548.

10. *Argentina*.—This country, which entered the third class for the first time in 1905, is finding some difficulty in maintaining its position, the figures to September 30 revealing a cessation from the rapid growth of the preceding years, and, indeed, a slight set back below 1905. The figures to September 30 are £19,043,892.

EXPORTING COUNTRIES IN ORDER OF MERIT.—(*a, b*) There are no countries of the first and second classes to which the United Kingdom exports goods.

(*c*) **EXPORTING COUNTRIES OF THE THIRD CLASS (OVER £25,000,000 AND UNDER £50,000,000).**

1. *India*.—A very large increase to September 30 in 1904 over 1903, and thenceforwards a steady and considerable increase year by year. The total export from the United Kingdom to September 30, 1906 = £33,312,178.

2. *Germany*.—The continued and steady rise in British exports into so highly a protected country as Germany is very remarkable.

The total British export to September 30, 1906, was £24,479,462, which figure is well above the exports for the whole year of 1903.

COMPARATIVE FOREIGN TRADE OF UNITED KINGDOM WITH THAT OF OTHER CHIEF COMMERCIAL NATIONS.—The United Kingdom still maintains its supremacy over all other countries as the chief trading nation.

(i. *U.S.A.*—In the export trade, the lead that the United Kingdom had over the United States at the time of the publication of the figures to June 30 (p. 477) has substantially increased, and it is now about £24,000,000.

XV. COMPARATIVE EXPORTS—UNITED KINGDOM AND UNITED STATES.
(9 months, to September 30.)

				United Kingdom. £				United States. £
1904	..	..	..	221,189,000	..	..	..	201,128,000
1905	..	..	..	243,396,000	..	..	..	225,332,000
1906	..	..	..	278,054,000	..	..	..	253,954,000

In imports there is, of course, scarcely any comparison yet, and the figures to date show that the States are not making the progress that is generally looked for from them.

XVI. COMPARATIVE IMPORTS—UNITED KINGDOM AND UNITED STATES.
(9 months, to September 30.)

				United Kingdom. £				United States. £
1904	..	..	..	345,858,000	..	..	..	156,540,000
1905	..	..	..	352,633,000	..	..	..	181,724,000
1906	..	..	..	380,107,000	..	..	..	197,486,000

(ii.) *Germany.*—The German figures have now been published by the Board of Trade, and reveal a rapid growth of German trade, particularly in imports. The period given, however, includes the two months prior to the increase of the tariff on March 1, 1906, and there was a rush at that time to stock goods in German warehouses before the tariff came into force. A fairer comparison will be possible in 1907.

XVII. COMPARATIVE EXPORTS—UNITED KINGDOM AND GERMANY.
(9 months, to September 30.)

				United Kingdom. £				Germany. £
1904	..	..	..	345,858,000	..	..	..	230,590,000
1905	..	..	..	352,633,000	..	..	..	243,579,000
1906	..	..	..	380,107,000	..	..	..	288,999,000

XVIII. COMPARATIVE IMPORTS—UNITED KINGDOM AND GERMANY.
(9 months, to September 30.)

	United Kingdom. £				Germany. £			
1904	221,188,000	..	..	..	189,161,000	..	..	..
1905	242,396,000	..	..	..	201,297,000	..	..	..
1906	278,054,000	..	..	..	221,309,000	..	..	..

WHEAT—(i.) General Position.—The figures for the first thirteen weeks of the cereal year 1906-7 to September 29, 1906, show that the level of the general world-exports of 1905-6 is not being kept up. The total quantity exported during the thirteen weeks has practically returned to the 1904-5 level of 114,500,000 Winchester bushels. Russia is showing a marked decrease, and indeed all exporting countries show some decrease, except the United States and Canada, which show an increase, and which are returning towards their usual level. A feature of the position which was referred to in the October issue (p. 478) is now becoming more markedly prominent. This is the increasing accumulation of unsold wheat in the United States. The reduction in the stock from February to June in 1906 was the smallest for several years. Consequently in August the unsold stock became unusually large, larger, indeed, than in any year since 1901, and at the end of September the addition of the new wheat had raised the stock to the level it has generally occupied during recent years about the middle of November. The breach in the dam that was formed in August and September allowed prices to fall as low as 25s. 9d. per quarter, and this movement shows itself by an unusual subsidiary depression in the usually rising figures of the early autumn. But the outflow was stayed when the price reached this level, and since this date prices have been hovering between 26s. and 27s. The course of these prices seems to suggest that the accumulation may be the result of inability of the Americans to market their wheat at a sufficient profit above the cost of production, rather than a deliberate "corner." Whatever may be the cause of the accumulation, however, it is necessary to record its existence, and to watch the consequential events. This may have been one of the contributory causes of the unusual number of American finance bills in London, which have served to complicate the monetary situation. The comparative figures to date are as follows :—

XIX. STOCK OF WHEAT AVAILABLE IN UNITED STATES AND CANADA.

	Winchester bushels.					
1906, November 17	71,527,000
1905, " 18	59,509,000
1904, " 19	48,623,000
1903, " 21	47,513,000

(ii.) *British Purchases.*—The present chief sources of the British wheat supply are shown by the following table :—

XX. SOURCES OF BRITISH WHEAT AND WHEAT FLOUR SUPPLY (1906).
(11 months, to November 30, 1906.)

	Wheat.	Wheat flour.	Total.
	cwt.	cwt.	cwt.
1. United States of America ..	20,973,000	8,896,770	29,869,770
2. Argentina	18,496,200	148,400	18,634,600
3. Russia	13,755,200	—	13,755,200
4. Canada	10,256,500	1,727,900	11,984,400
5. India	11,840,200	—	11,840,200
6. Australia	7,530,100	539,500	8,069,600

Compared with the table published on p. 479 (eight months to August 31, 1906), the only change in relative position is the change in places of India and Australia.

Compared with 1905 (eleven months to November) the changes are more considerable.

XXI. RELATIVE POSITION OF CHIEF PRODUCERS OF WHEAT CONSUMED IN BRITAIN.
(11 months, to November 30.)

1906.	1905.
1. United States	Russia.
2. Argentina	Argentina.
3. Russia	India.
4. Canada	Australia.
5. India	United States.
6. Australia	Canada.

(iii.) *British Consumption.*—The figures of the British home consumption for the first thirteen weeks of the British harvest year of 1906-7 reveals a diminution of the total consumption. The following table shows the position at the end of November for the past five years, and it will be seen that the consumption this year is distinctly lower. The cause is not very obvious, but it may be due to the present year having been a fairly good year for British farmers. In that case there would be less need for immediate realization. But in this case it would seem that the vacuum would have been filled by increased foreign importation, which has, however, not been the case.

XXII. BRITISH (HOME) CONSUMPTION OF WHEAT FOR 13 WEEKS, ENDING NOVEMBER 24.

	cwt.
1906	36,359,000
1905	38,996,000
1904	38,870,800
1903	40,427,900
1902	38,461,600

The table showing the relative consumption of home-grown and foreign wheat shows that the home-grown is below the level of 1905, but considerably above the years preceding 1905.

XXIII. BRITISH (HOME) CONSUMPTION OF HOME-GROWN AND FOREIGN WHEAT.

	1903-4.	1904-5.	1905-6.	1906-7.
	cwts.	cwts.	cwts.	cwts.
Foreign imports ..	33,750,100	31,858,800	25,995,600	25,510,800
Home-grown sales ..	6,877,800	7,012,000	12,999,500	10,848,200
Total home supplies	40,427,900	38,870,800	38,995,100	36,359,000

COTTON.—(i.) *The General Situation.*—During the past three months the cotton position has gradually returned to a more normal state. The continuance of the policy of “holding-off,” which was adopted during the previous quarter, was obviously limited by the capacity of the British “reserve,” and as the demands of the mills were gradually consuming this reserve, it became necessary again to enter the market. Consequently the fall of August (p. 481) was succeeded by a slight rise in September and a swifter rise in October. At the beginning of November, reliable statistical data seemed to show that the 1906-7 crop would be a very large one—estimated at about 13,000,000 bales—and this information, coupled with the pressure that was being exerted in financial circles for the redemption of outstanding cotton drafts, caused a competition among American sellers to do business with British buyers. Therefore in November prices fell, notwithstanding the low state of the British reserve, and the reserve is now being replenished at fairly remunerative prices.

(ii.) *The British Position.*—The following table shows that the British mills have been in full operation, the number of bales consumed to November 23 being at the record level on this date of 3,452,937.

XXIV. BRITISH CONSUMPTION OF BALES OF RAW COTTON.

January 1 to November 23.	Bales consumed.	Change on previous year.
1906	3,452,937	Bales. + 85,508
1905	3,367,429	+ 674,168
1904	2,693,261	- 53,095
1903	2,746,356	—

The corresponding table of imports during the same periods shows how greatly the British have been “holding-off” during 1906.

XXV. BRITISH IMPORTS OF BALES OF RAW COTTON.

January 1 to November 23.				Bales imported.	Change on previous year.
1906	..	..	..	3,180,545	Bales. - 472,285
1906	..	..	..	3,652,830	+ 666,429
1904	..	..	..	2,956,401	+ 68,141
1903	..	..	..	2,888,260	—

The table showing the state of the reserve at the various periods indicates how the vacuum has been filled. It will be seen that, notwithstanding this depletion, the reserve on November 23, 1906, was still a respectable height compared with previous years.

XXVI. BRITISH RESERVE STOCK OF RAW COTTON.

November 23.				Reserve stock.	Change on previous year.
1906	..	..	..	Bales. 421,430	- 226,630
1906	..	..	..	725,050	+ 234,790
1904	..	..	..	490,270	+ 182,010
1903	..	..	..	308,260	—

The comparative value of the British reserve on November 23 during the four past years is shown by the following table:—

XXVII. VALUE OF BRITISH RESERVES OF RAW COTTON ON NOVEMBER 23.

				Value per pound.			
				d		s	
1906	..	..	428,430	..	..	6·19	.. 5,524,961
1906	..	..	725,050	..	..	6·17	.. 9,319,913
1904	..	..	490,270	..	..	4·79	.. 4,892,486
1903	..	..	308,260	..	..	6·44	.. 4,135,821

(iii.) *The American Position.*—The American figures are now published to September 30, and they illustrate how the existence of this reserve has enabled Great Britain to “hold off” to a greater relative extent than the other chief consuming countries.

XXVIII. CASH PAID TO UNITED STATES FOR RAW COTTON.
(9 months, ending September 30.)

			1905.	1906.	Change in 1906.
			Dollars.	Dollars.	Dollars.
United Kingdom	..	..	94,890,481	81,587,714	- 13,302,767
Germany	..	..	52,395,794	54,885,303	+ 1,489,509
France	..	..	20,576,384	19,256,229	- 1,320,055
Italy	..	..	13,792,769	18,753,534	+ 4,960,765

Taking the sales of the United States as a whole, the following table shows the effect of the comparatively higher prices obtained by the States.

XXIX. CASH RECEIVED BY THE UNITED STATES IN RESPECT OF EXPORTS OF RAW COTTON.
(9 months, to September 30.)

				Number of bales sold.	Cash received.
					Dollars.
1904	..	..	..	2,985,520	197,228,615
1905	..	..	..	5,023,459	220,479,261
1906	..	..	..	3,676,286	205,586,657

(iv.) *British Sales of Manufactured Goods.*—The export sales of cotton goods manufactured in Britain in 1906, to November 30, continue to be of unprecedented magnitude.

XXX. EXPORT SALES OF COTTON FABRICS MANUFACTURED IN GREAT BRITAIN
(11 months, to November 30.)

								£
1904	..	..	..	..	..	..	..	75,646,150
1905	..	..	..	..	..	..	..	83,635,643
1906	..	..	..	..	..	..	..	91,231,876

This trade is now becoming very remarkable; there is nothing else like it in the world.

The relative position of the chief customers for these goods is shown in the following table. The changes that it becomes necessary to record are the disappearance of the United States as one of the eight, and the appearance of Australia in its place—an interesting testimony to the growing prosperity of Australia. Egypt, which has also had a most prosperous season, rises to the fifth place, displacing Argentina. The Dutch East Indies lose one place, sinking to the eighth on the list.

XXXI. CHIEF DESTINATIONS OF COTTON FABRICS MANUFACTURED IN GREAT BRITAIN (1906).
(11 months, to November 30.)

								£
1. Bengal	..	..	..	..	..	..	..	10,449,412
2. China (including Hong Kong)	..	..	..	..	..	..	..	8,476,167
3. Bombay	..	..	..	..	..	..	..	7,758,770
4. Turkey	..	..	..	..	..	..	..	4,837,635
5. Egypt	..	..	..	..	..	..	..	2,883,540
6. Argentine Republic	..	..	..	..	..	..	..	2,645,801
7. Australia	..	..	..	..	..	..	..	2,399,406
8. Dutch East Indies	..	..	..	..	..	..	..	2,218,567

SUGAR.—Sugar is fairly steady. Cane sugar, on December 1, 1906, was 8*s.* per cwt., and best 9*s.* 1½*d.* The reaction from the corner of 1905 continues to be illustrated by the table of British imports :—

XXXII. SUGAR IMPORTED INTO UNITED KINGDOM.
(11 months, to November 30.)

Year.				Quantity imported.	Price paid.
				cwts.	£
1905	..	..	..	28,289,898	17,878,503
1906	..	..	..	30,405,008	15,719,528
Difference ..				4,115,110	2,158,977

Thus, in the first eleven months of 1906, Great Britain has obtained 4,115,110 cwts. more sugar for £2,158,977 less money than in 1905.

PRICES GENERALLY.—It is necessary to record the fact that prices, both British and American, are climbing at a rate that is putting a great strain upon the world's gold reserves, and that gives ground for some reasonable apprehension as to the future course of events. It is obvious that the rise cannot continue indefinitely, but it seems to be getting more rapid, and it will be clear from a consideration of the observations on this month's trade returns that new commodities are beginning to join in the race. All the chief banks of the world are now strictly on the defensive, but it remains to be seen whether even their united strength will be sufficient to curb these sanguine developments.

XXXIII. THE BRITISH SAUERBECK NUMBER.

1906.	November	..	..	..	..	..	73.6
"	October	..	..	..	..	..	78.5
"	September	..	..	..	..	..	77.5
"	August	..	..	..	..	..	76.7
"	July ..	..	..	..	..	..	76.4
1905.	Average	..	..	..	..	..	72
1904.	"	..	..	..	..	..	70
1903.	"	..	..	..	..	..	69
1902.	"	..	..	..	..	..	69
1901.	"	..	..	..	..	..	70
1900.	"	..	..	..	..	..	75
1899.	"	..	..	..	..	..	68
1898.	"	..	..	..	..	..	64
1897.	"	..	..	..	..	..	62

The Sauerbeck index number of "materials," where the chief rises are taking place, is 87.1. This is the highest figure recorded since the early part of 1880, when it was 89.

XXXIV. THE LONDON "ECONOMIST" NUMBER.

1906. November	..	..	..	..	..	2501
" October	..	..	..	..	..	2458
" September	..	..	..	..	..	2355
" August	..	..	..	..	..	2341
" July	..	..	..	..	..	2329
1905. July	..	..	..	..	..	2163
" January	..	..	..	..	..	2136
1904. July	..	..	..	..	..	2130
" January	..	..	..	..	..	2197
1903. July	..	..	..	..	..	2111
" January	..	..	..	..	..	2003
1902. July	..	..	..	..	..	1995
" January	..	..	..	..	..	1948
1901. January	..	..	..	..	..	2126
1900. January	..	..	..	..	..	2145
1899. January	..	..	..	..	..	1918
1898. January	..	..	..	..	..	1890
1897. January	..	..	..	..	..	1950

The *Economist* on December 8, 1906, reported that the index number stood then at a higher level than for many years past. From the table of the *Economist* numbers published by the Board of Trade, it appears necessary to go back to 1880 to get a higher level. The number at that date was 2538.

XXXV. THE AMERICAN "BRADSTREET" NUMBER.

1906. December 1 (equal to British November number)	..	8-0223
" November 1	..	8-7409
" October 1	..	8-5490
" September 1	..	8-4428
" August 1	..	8-3376
" July 1	..	8-3289
1905. January 1	..	8-0627
1904. January 1	..	7-9685
1903. January 1	..	8-0789
1902. January 1	..	7-6604
1901. January 1	..	7-5673
1900. January 1	..	8-0171
1899. January 1	..	6-8020
1898. January 1	..	6-5784
1897. January 1	..	6-1164

The Bradstreet number (as revised) does not go back beyond January 1, 1892. So the present level is unprecedented so far as Bradstreet is concerned.

XXXVI. THE AMERICAN "DUN'S" NUMBER.
(Prices in New York City, proportioned to consumption.)

							\$
1906.	December 1	..	..	..	..	..	108·173
"	November 1	..	..	..	..	..	106·683
"	October 1	..	..	..	..	..	105·235
"	September 1	..	..	..	..	..	104·287
"	August 1 ..	..	..	..	..	..	102·985
"	July 1 ..	..	..	..	..	..	105·216
1905.	January 1	..	..	..	..	..	100·318
1904.	January 1	..	..	..	..	..	100·142
1903.	January 1	..	..	..	..	..	100·356
1902.	January 1	..	..	..	..	..	101·587
1901.	January 1	..	..	..	..	..	95·668
1900.	January 1	..	..	..	..	..	95·295
1899.	January 1	..	..	..	..	..	80·423
1898.	January 1	..	..	..	..	..	79·940
1897.	January 1	..	..	..	..	..	75·502

The present level is stated to be the highest for over twenty years.

It is desirable, in connection with these numbers, to note the movements in the British bank rate.

XXXVII. RATE OF DISCOUNT AT THE BANK OF ENGLAND.

1906.	October 19	..	..	..	..	..	6 per cent.
"	October 11	..	..	..	..	..	5 "
"	September 13	..	..	..	..	..	4 "
"	June 21	..	..	..	..	..	3½ "
1905.	Average	..	..	..	..	..	3 "
1904.	"	..	..	..	..	..	3½ "
1903.	"	..	..	..	..	..	3½ "
1902.	"	..	..	..	..	..	3½ "
1901.	"	..	..	..	..	..	3½ "
1900.	"	..	..	..	..	..	4 "
1899.	"	..	..	..	..	..	3½ "
1898.	"	..	..	..	..	..	3½ "
1897.	"	..	..	..	..	..	2½ "

It is interesting too, in this stormy atmosphere, to watch the behaviour of silver in its relationship to gold.

XXXVIII. PRICE, PER OZ., OF STANDARD SILVER.

							d.
1906.	November 29	..	..	..	..	..	32½
"	October 25	..	..	..	..	..	32½
"	September 26	..	..	..	..	..	31½
"	August 29	..	..	..	..	..	30½
"	July 26	..	..	..	..	..	30½
1905.	Average	..	..	..	..	..	27½
1904.	"	..	..	..	..	..	26½

1903. Average	..	..	..	..	..	..	24½
1902. "	..	..	..	..	..	..	24½
1901. "	..	..	..	..	..	..	27½
1900. "	..	..	..	..	..	..	28½
1899. "	..	..	..	..	..	..	27½
1898. "	..	..	..	..	..	..	26½
1897. "	..	..	..	..	..	..	27½

Silver plays a peculiar part in the economy of nations. It is rather like the hour hand of a watch. At times when copper, tin, lead, and iron are moving rapidly forward, silver begins with greater deliberation to move more slowly forward. But its move is of higher significance, and although most of the important nations have now adopted a gold standard of currency, yet silver continues to wield an influence in their affairs that cannot be neglected, and that will certainly show itself if the rise becomes more pronounced.

The whole situation arising from this great expansion of the price-level of commodities throughout the world, is of the most intense interest, and its development should be narrowly watched. The strain will fall first—indeed is already falling—upon the bank reserves, and the resulting situation may easily contain the elements of dangerous developments.

MISCELLANEOUS.—(i.) *British Unemployed Returns*.—The trade union percentage of unemployed at the end of November, 1906, was 4·5 per cent. The month of October was distinguished by a sudden rise of the percentage which continued into November, but this does not mean that the gradual improvement of employment which began in January, 1905, is ceasing. The cause of the rise is purely local, and was due to a dispute in the Clyde shipyards, affecting about 15,000 workers. The claim of the men was for an advance of 5 per cent. on piece work, and 1s. 6d. per week on time rates. Chiefly owing to this dispute the number of working days lost in October, 1906, was 414,300, as compared with 176,000 in October, 1905. This dispute continued until November 21, when work was resumed at the old rate of wages. On November 1, 15,500 Welsh coal-miners struck in order to compel non-unionists to join the federation. This dispute continued until November 15, when work was resumed, the object of the strike having been attained. Owing to these two large disputes, 517,800 days were lost in November, 1906, as compared with 169,800 in November, 1905.

The general decrease during recent years in the percentage of unemployed can be seen from the following table, which shows that there is room yet for further reductions to get to the 1899 level :—

XXXIX. PERCENTAGE OF BRITISH UNEMPLOYED (T.U.) DURING MONTH OF NOVEMBER.

				Per cent.					Per cent
1894	..	..	..	70	1901	..	..	..	38
1895	..	..	..	43	1902	..	..	..	48
1896	..	..	..	29	1903	..	..	..	60
1897	..	..	..	48	1904	..	..	..	70
1898	..	..	..	23	1905	..	..	..	47
1899	..	..	..	22	1906	..	..	..	45
1900	..	..	..	32					

(ii.) *British Pauperism*.—The total number of paupers relieved continues to fall steadily, as will be seen from the following table :—

XL. NUMBER OF BRITISH PAUPERS RELIEVED ON ONE SELECTED DAY.
(35 selected urban districts.)

		1905.	1906.	Comparison with 1905.
September	..	382,974	370,740	— 12,234
October	..	388,400	375,964	— 12,436
November	..	396,113	385,762	— 10,351

It will be noted that the rate of decrease in pauperism has slightly accelerated since the publication of the table on p. 484.

(iii.) *Work at the London Docks*.—The average number of labourers employed at the London Docks per day has been as follows :—

XLI. AVERAGE NUMBER OF LABOURERS, PER DAY, AT LONDON DOCKS.

		1905.	1906.	Comparison with 1905.
September	..	12,240	11,847	Per cent. — 3.2
October	..	12,092	12,251	+ 1.3
November	..	12,446	13,060	+ 4.9

(iv.) *Seamen shipped*.—The number of seamen shipped during the eleven months ending November 30, 1906, was 433,539, as against 408,269, for 1905, an increase of 25,270.

(v.) *Price of Bread*.—The following table, based on returns from 355 British Co-operative Societies, gives a fair idea of the average quarterly fluctuations of the price of a 4-lb. loaf in Great Britain :—

XLII. VARIATIONS IN PRICE OF BREAD IN GREAT BRITAIN.

	1904.	1905.	1906.
	d.	d.	d.
March 1	5'30	5'53	5'35
June 1	5'31	5'43	5'34
September 1	5'28	5'43	5'23
December 1	5'55	5'39	5'18

The maximum limit of fluctuation of an average 4-lb. loaf between January 1, 1904, and September 1, 1906, has therefore been $\frac{1}{2}$ d. The present price is the lowest during this period.

(vi.) *British Railway Goods and Mineral Traffic Receipts*.—This excellent index of British home-trade activity records receipts during the first forty-eight weeks of 1906, to December 1, of £49,904,746, or £1,432,670 (2·9 per cent.) above the corresponding period of 1905.

(vii.) *British Bankers' Clearings*.—The aggregate amount of bills and cheques cleared in the British bankers' clearing houses is as follows :—

XLIII. BRITISH BANKERS' CLEARING RETURNS, 1906.

	Town clearing.	Country clearing.	Total.
	£	£	£
1906 (to December 5)	10,897,463,000	928,389,000	11,825,852,000
1905 " "	10,569,977,000	872,997,000	11,442,974,000
Increase in 1906 .. {	+ £327,486,000 = 3·09 per cent.	+ £55,392,000 = 6·34 per cent.	+ £382,878,000 = 3·35 per cent.

It will be seen that the rate of increase has slightly diminished since the publication of the last table.

(viii.) *The Price of Consols* is as follows :—

XLIV. COMPARATIVE PRICE OF CONSOLS.

1903, December 9 (reduced from 2½ to 2¼ per cent. on April 6, 1903) ..	88½
1904 " 7	87½
1905 " 6	89½
1906 " 5	86½

It will be seen that the 1906 price is the lowest of the four years. This is no doubt due to the rise in the value of "money," which obviously diminishes the attractiveness of gilt-edged securities.

THE TARIFF POSITION.—(i.) *The German-American Situation.*—The tariff relations of Germany and the United States are again beginning to attract attention. The period for which the Reichstag extended the most-favoured-nation treatment to the States expires on June 30, 1907, and in view of the importance of the interests involved the Washington Government has sent a special commercial embassy to Berlin, consisting of Mr. North, Director of the United States Census, Mr. James L. Gery, Chief of the Customs Division of the United States Treasury, and Mr. N. T. Stone, Tariff Expert in the Department of Commerce and Labour. Representatives of the German Government will be designated to co-operate with the American commissioners, and the negotiations will take place, for the present, in Berlin.

(ii.) *The Western European Commercial Position.*—The Franco-Swiss Commercial Treaty was voted on November 21, 1906, by the French Senate, by 192 to 59, after having been approved by the Chamber of Deputies the previous week by 495 to 58. France prudently reserves to herself the right to terminate the agreement at a year's notice.

(iii.) *The Canadian Situation.*—The Canadian Minister of Finance, in his eleventh budget statement delivered before the Canadian House of Commons on November 29, 1906, announced that the Canadian Government have determined to introduce a Bill that the Canadian Tariff should be modified into the form indicated in the issue of this Review for October, 1905 (vol. xv., p. 465). A triple tariff will be substituted for the present differential system. The maximum schedule will be used for the protectionist countries commercially hostile, the intermediate schedule for protectionist countries commercially friendly, and the minimum schedule for the free-trade mother country. The minister estimated that the present preferential tariff had been beneficial to Canada, and had resulted in the reduction of Canadian taxation by £5,600,000 during the nine years it has been in operation. The minimum schedule will no longer be a uniform percentage, but the items will have specific duties. Some of these will be greater and some less than the present percentage, but the minister estimates that the changes—taken as a whole—are likely to be commercially advantageous to the United Kingdom.

GENERAL ECONOMIC POSITION.—(i.) *British.*—The foregoing returns indicate the continuance of the trade prosperity recorded in previous issues. The only cause for anxiety is the gradual tightening of the strain on the bank reserves, chiefly owing to the constant

increase of the price-levels of commodities, and the future development of this situation can scarcely be foreseen. It must also be remembered that British national expenditure is still some £23,000,000 per annum beyond the position that it occupied before the Boers crossed the Natal frontier in 1899, and it is very desirable that this heavy burden on the taxpayer should be cleared away before the next cycle of depression reaches these shores.

(ii.) *American.*—The American situation is becoming obscured by the same strain on the bank reserves—in perhaps a rather more accentuated form—that is prevalent in Europe. Apart from this question, the American position continues to be sound. The Federal Treasury is now comfortably jogging along, and is able to make both ends meet. There are signs, however, that the present rate of increases of Federal income may not continue, but against this, it has always to be remembered that the National Debt charges in America are small and are diminishing.

(iii.) *Colonial.*—Canada is continuing to do quite well, so is Australia. India has, perhaps, not progressed quite so rapidly as in former years. The dark spot in the British economic outlook is South Africa, which so far shows little sign of improvement.

OWEN FLEMING.

REVIEW.

L'ARGENTINE AU VINGTIÈME SIÈCLE. Par ALBERT B. MARTINEZ et MAURICE LEWANDOWSKI. Avec une Introduction par CHARLES PELLEGRINI. [432 pp. 8vo. 5 frs. Colin. Paris. 1906.]

The authors of this work on Argentina have the important qualification of an intimate acquaintance with their subject. M. Martinez has been Under-Secretary of State in the Argentine Department of Finance; M. Lewandowski is a distinguished French financier, who has investigated the financial condition of the country; and M. Pellegrini, an ex-President of the Republic, who while in office guided its affairs successfully through a difficult crisis in its history, contributes an interesting introductory study of the remarkable formation and growth of the young state. To the financial part of the subject valuable help has been given by M. Romero, formerly Minister of Finance, and M. Ernest Tornquist, who, though not a politician, has rendered material service in the work of economic expansion and financial reorganization.

The primary object of the book is to make the wonderful development of the almost illimitable natural resources of the Argentine and its commerce better known in Europe, and particularly in France. The writer of the preface remarks that England, having failed in her attempt at the beginning of the nineteenth century to plant herself upon Argentine soil by force of arms, has taken a peaceful revenge, and now rules there by the power of English capital and enterprise, controlling to a large extent its railway system and its chief ports, and exercising a great influence over all its branches of industry and commerce. France has taken a far less important part in the economic evolution of Argentina. This is attributed in a large measure to prevailing misconceptions among the writer's fellow-countrymen and defective knowledge as to the true condition and resources of the country. Frenchmen, we are told, are apt indiscriminately to confound all the peoples of South America as being continually agitated by the same restless revolutionary spirit which has made most of them a byeword for instability. Happily for Argentina, the revolutionary

spirit there has succumbed to the spirit of peaceful enterprise and progress. For although in the past the personal element has played too strong a part in the government of the country, Argentina possesses to-day, we are assured, a strong executive and constitutional power which knows how to make itself respected. The long-standing frontier dispute with Chili having been peacefully settled by arbitration, the national armaments have been reduced, and the development of the material resources of the country is no longer impeded by the fear of war. Effectual means, too, have been taken to prevent a recurrence of the natural scourges which had repeatedly devastated the crops and decimated the cattle. The young Republic has triumphantly emerged from all these troubles, and the immense and fertile plains of the Pampas have produced meat and corn in such abundance as to attract an influx of European gold estimated at more than 500 million francs, and a tide of emigration which in the year 1904 brought 135,000 workers into the country. The Argentine has therefore every promise of a great future before it. M. Pellegrini declares that to-day it occupies a position as remarkable as that of the United States at the beginning of the nineteenth century, and that at its present rate of progress it will attain before the end of the present century an importance equalling that to which the United States has since risen. He tells us that he once made this remark to President Roosevelt, and the president replied with characteristic decisiveness of judgement, "In a shorter time still; fifty years will be long enough to enable you to profit by our experience, and all that human progress has accomplished during the nineteenth century."

M. Pellegrini makes a comparison of interest from ethnological and psychological standpoints between the colonization of South America and that of the United States. The winning of independence by the Spanish colonies resulted in their being split up into fifteen distinct republics, and from a comparison of the anarchy into which they were thrown with the orderly growth and development of the great Republic of the north, it has been inferred that the difference was due to certain qualities of the Anglo-Saxon race not to be found in the Latin races. M. Pellegrini calls in question this conclusion. It is necessary, he points out, in order to arrive at the truth upon the subject, to study the origin of these races, and the particular methods of colonization imposed upon them by the force of historic facts. The North American colonies having been first founded by English settlers, in the heterogenous immigrations which followed the original settlers formed a nucleus to which the later colonists attached themselves, and thus perpetuated the manners and customs of the former, and their

social and political institutions. The aboriginal Indians were driven away, and at the end of the eighteenth century the country was in exclusive possession of colonists from the north of Europe, who at the time of their declaration of independence formed a single nation united by all the bonds which could give it cohesion and solidarity. Not so with the peoples of Latin America. The bold mariners of Spain launched themselves upon unknown seas to conquer virgin soil and new subjects for their king and country. The natives were not driven away, but reduced to servitude. They were made Catholics, but were taught no other political creed than passive obedience to their rulers. When the day of emancipation arrived, this immense colony split up into a number of small republics, the greater part of the population being composed of Indians converted to Christianity, or half-breeds whose sole political ideal was personal rule. It was only in the urban centres of population, where the white race predominated, that there was any desire for political freedom. The conflict of these two irreconcilable elements invariably resulted in anarchy and internecine strife. The policy of Spain had been that of closing the whole continent to contact and commerce with the outside world, so that the population, abandoned to isolation and ignorance, became an easy prey to the greed and avarice of their masters. The political problem which presented itself in South America was therefore very different from that which the founders of the North American Republic successfully encountered, and far more difficult. The South American constitutions, framed after the models of the United States and of Switzerland, soon became dead letters, because they were in utter contradiction to the traditions and customs of the great mass of the people, and required for their successful application a kind of political education which was wholly wanting. It is only by a slow and gradual process that this primary defect is being remedied in Argentina, and that the elements of anarchy are being extirpated. Much yet remains to be done in the work of removing obstacles to national stability and unity. One great source of weakness is that there are no permanent departments of administration, and that the whole official personnel is changed with the advent of each new government. In the United States this system does great harm, and it is particularly injurious to a new country that has but recently emerged from a state of anarchy.

In the Argentine a new race is springing out of the most heterogeneous elements, and a national sentiment of unity and patriotism is being evolved. Though a young country, destitute of great traditions, its inhabitants are developing a remarkable attachment to their native or adopted land, and are beginning to glorify it, not after the manner of

Virgil, when he saluted a soil fertile in heroes, but as the mother of rich harvests and abounding in material prosperity. The people of Argentina exhibit to the full that remarkable faculty of assimilation which seems to be a particular product of the great continent of America. The continual stream of immigrants is quickly absorbed, and their affection for the land of their birth soon becomes subordinate to their attachment to the land of their adoption.

The population of Argentina now exceeds five millions ; it is for the most part of European origin, and will increase the more rapidly as the tide of emigration to the United States is checked by the growing difficulty of finding an outlet for it there. The Argentine, with its kindly climate, its fertile prairies covered with flocks and herds, within easy reach of the ocean, and its immense fields of wheat and maize, might well furnish bread and meat in sufficient quantities to feed the whole of Europe. The only limit to its resources seems to be the amount of labour available for its cultivation. The chief sources of national wealth being the breeding of cattle and growing of cereals, prosperity necessarily fluctuates with the fluctuations of the seasons, and these, of course, affect the potentialities of home consumption as well as of exportation. Nor has the Argentine behind it any reserves of accumulated capital to carry it over critical times, for the savings of the people are not invested in public funds, but are spent in extending the cultivation and productiveness of the soil.

The most important industries subsidiary to agriculture and cattle-breeding, are those relating to sugar, the grinding of corn, meat-refrigeration (this is the chief of them all), milk, butter, and cheese, brewing, weaving, and tanning ; the conversion of "quebracho" billets into railway sleepers, and the extraction of tannin from them ; forestry, and fisheries.

The prodigious advance made in agriculture and cattle-breeding is illustrated by the following figures. In 1900 the value of the cattle exports was 61 million gold piastres (305 million francs) ; in 1904 it had increased to 105 million piastres (520 million francs). In five years the exported cereals have increased in value from 73 million piastres to 150 millions (750 million francs). With this advance in production, home consumption has greatly increased, commercial enterprise of all kinds has been extended, and new and flourishing industries have been created. The economic situation has also been improved by the law of monetary conversion, the effects of which have been to give stability to the instrument of exchange, to suppress stock-jobbing, and to establish a sound and stable monetary standard, hitherto lacking. The result of all this progress has been that the Argentine has passed

from a state of chronic crisis into one of settled prosperity. There remains, however, we are told, a final task before this young Republic—that of ensuring its internal tranquillity, perfecting its political *régime*, and improving its principles of administration, as conditions essential to its normal development and future greatness.

FRED. B. MASON.

BOOKS RECEIVED.

THE EVOLUTION OF MODERN CAPITALISM. By JOHN A. HOBSON. [450 pp. 6s. Scott. London, 1906.] This is a new edition of a well-known book. It has been so thoroughly revised that it is practically a new work.

BRITISH ECONOMICS. By W. R. LAWSON. [401 pp. 8vo. 6s. net. Blackwood. Edinburgh, 1906.] In this, the second, edition of this book, Mr. Lawson complains that he has been misunderstood. He never intended his work to be taken as a "Chamberlain broadside:" he claims a wider aim and a more original method. The obstacles to British economic progress and the lines of its development are well described.

AMERICAN FINANCE, Part I., Domestic. By W. R. LAWSON. [391 pp. 8vo. 6s. net. Blackwood. Edinburgh, 1906.] A companion volume to the last, dealing with considerable force and insight with American financial methods. The author writes "from a safe distance," praising and criticizing Wall Street from the point of view of Threadneedle Street. He is, to some extent, infected with American fever, but has strong things to say about "Wall Street Millionaires" and their speculations.

BANKING AND NEGOTIABLE INSTRUMENTS. By FRANK TILLYARD. [386 pp. 8vo. 5s. net. Black. London, 1906.] The second edition of a useful treatise on the practical legal questions that arise in banking. The subject of securities is more fully dealt with than is generally the case in works of this kind: and many references are given to legal authorities.

PERSONAL AND DOMESTIC ACCOUNTS. By J. G. P. IBOTSON. [56 pp. 8vo. 1s. Gee. London, 1906.] The author quotes and disobeys a maxim of Mr. Cecil Rhodes directed against undue attention to unimportant details of finance. But this is a useful little book.

ALTCHRISTLICHE UND MODERNE GEDANKEN ÜBER FRAUENBERUF. Von DR. JOSEPH MAUSBACH. [127 pp. 8vo. 1 mark. M. Gladbach. 1906.] The "Imprimi Permittitur" on the first page of this little work will sufficiently indicate its point of view. It is the sixth of a series—*Apologetische Tagesfragen*—and maintains the high standard already set.

A PRACTICAL PROGRAMME FOR WORKING MEN. By EDMOND KELLY. [227 pp. 8vo. 2s. 6d. Sonnenschein. London, 1906.] At first sight this appears to be neither practical nor a programme. It begins and ends aphoristically, almost in the style of Walt Whitman. But between the "Book of Arousal" and "Wisdom, Faith, Karitas" (why so spelt?) comes "The Book of Facts." Yet to most readers the beginning and end of the book will be the most interesting part. It contains much socialism and not a little Christianity.

THE RELATIONS OF RENTS, WAGES, AND PROFITS IN AGRICULTURE, AND THEIR BEARING ON RURAL DEPOPULATION. By PROFESSOR J. S. NICHOLSON, D.Sc. [176 pp. 8vo. 2s. 6d. Sonnenschein. London, 1906.] These are the Gilbey Lectures delivered at Cambridge in the May Term, 1906. Professor Nicholson's mastery of his subject is as well known in England as in Scotland; it is evident enough in this short historical survey of the agricultural problem in England.

EMANCIPATION. By F. R. EAMES. [164 pp. 2s. 6d. Sonnenschein. London, 1906.] A not very intelligent or convincing attempt to base social reform on a purged and spiritualized Christianity—"a religion embracing all the enlightenment of ancient and modern times, but free from the restrictions with which perverted ideas have embittered the lives of countless generations." The old Christianity of the catholic Church can do this, when truly believed and lived.

TIME TABLES. By THOMAS READER. [200 pp. 8vo. 2s. 6d. net. Longmans. London, 1906.] The fifth edition of one of the necessities of commercial life.

THE REFORMER'S YEAR-BOOK FOR 1907. Edited by F. W. PETHICK LAWRENCE and JOSEPH EDWARDS. [272 pp. 8vo. 1s. net. *The Labour Record* Office. London, 1907.] A very useful little handbook of the Labour Party and its activities, with special articles and notes on most of the social questions of the day. Every Reformer should possess it.

THE PATTERN NATION. By SIR HENRY WRIXON, K.C. [172 pp. 8vo. 3s. net. Macmillan. London, 1906.] "What are the poor going to do with the rich?" is the fundamental political question to-day. Universal suffrage cannot for long co-exist with inequality of opportunity, or with the law of property. Yet Socialism, which would equalize these things, cannot equalize free men: it must involve a collective despotism, discourage the qualities that make for progress, and end in national degeneration. Whatever the truth of the analysis, this is an interesting essay.

PROTECTIVE AND PREFERENTIAL IMPORT DUTIES. By A. C. PIGOU. [117 pp. 8vo. 2s. 6d. net. Macmillan. London, 1906.] Mr. Pigou's clever treatment of economic questions is well known. In the present volume he continues his argument against tariff reform, but on grounds which he hopes will win more consideration from his opponents. The second part of the book is a direct examination of Mr. Chamberlain's proposals.

JOHN THELWALL. By CHARLES CESTRE. [203 pp. 8vo. 2s. 6d. Sonnenschein. London, 1906.] An interesting personal study of one of the pioneers of democracy and social reform in England. Thelwall represents vividly one side of the effect produced on the English eighteenth-century mind by the French Revolution. His treatment, too, gives a measure of the progress of democratic opinion in England during the last hundred years.

CHRISTIAN MISSIONS AND SOCIAL PROGRESS. By the REV. J. S. DENNIS, D.D. Vol. III. [xxxvi. 675 pp. 8vo. 10s. net. Oliphant. Edinburgh, 1906.] Dr. Dennis's third volume is on the same ambitious scale as those which preceded it. The mass of material dealt with—the result of twelve years' work—is extraordinary, and no branch or aspect of missionary work seems to be ignored. The chief subjects dealt with in the present volume are education, government, and commerce. The numerous illustrations and elaborate bibliography and index make the work a most useful book of reference on this important subject. The bulk of Dr. Dennis's work is now complete: there only remains to be published a supplementary volume of statistics.

THE RETURN TO PROTECTION. By PROFESSOR WILLIAM SMART. [xiv. 298 pp. 8vo. 3s. 6d. net. Macmillan. London, 1906.] This is the second edition of Professor Smart's book—a republication of popular lectures delivered in Edinburgh and Glasgow, in which the case for free trade is ably restated by one who holds that competition, though increasingly regulated, is a law

of nature, and who repudiates impartially all doctrines of preference and retaliation.

THE GREAT REVOLT OF 1381. By PROFESSOR CHARLES OMAN. [viii., 219 pp. 8vo. 8s. 6d. net. Clarendon Press. Oxford, 1906.] The history of 1381 has not been fully written before. Professor Oman, adding to materials collected by André Réville the fruits of his original research, has produced a thorough and readable book. The Appendix contains a translation of that valuable document, the "Anonimal Chronicle of St. Mary's, York."

THE ARBITER IN COUNCIL. [567 pp. 8vo. 10s. net. Macmillan. London, 1906.] An elaborate anonymous discussion of the problem involved in modern warfare—moral, political, and religious. The discussion is conducted by means of essays interspersed with dialogue, and is spread over seven "days." As the title of the book suggests, the practical recommendation that issues from the discussion is arbitration.

THE NATURE OF CAPITAL AND INCOME. By PROFESSOR IRVING FISHER, Ph.D. [xxi. 427 pp. 8vo. 12s. 6d. net. Macmillan. London, 1906.] "This book is an attempt to put on a rational foundation the concepts and fundamental theorems of capital and income." The treatment is scientific, and at times mathematical: symbols and diagrams abound. But the theorist is not the only person who may gain by reading the book; there is much that is of interest for the practical financier and the social reformer.

FIRST IMPRESSIONS OF INDIA.

I.

THE following remarks are simply meant to describe some of the first impressions of a traveller who has only been in India for a few weeks. But first impressions, if they do not pretend to be anything more, may have a certain value of their own; at any rate, they can always be modified, or even withdrawn, at short notice and without apology. I may further claim, in justification of my temerity, that I have not been content to follow in haste along the beaten track of the professional tourist, who stays at hotels and spends the whole of his time in sight-seeing; and also that I have been particularly fortunate, through the generous hospitality of English friends in Delhi (hospitality is a conspicuous virtue in India), in gaining immediate opportunities for observing Indian conditions, and for the frank discussion of Indian problems with both English and Indian residents.

Two or three general impressions of India may be briefly summarized. But my views of "India," it should be clearly understood, have for the most part been taken at Delhi, on the edge of the Punjab; I have not yet been to Calcutta and Bengal. In each instance my present opinion is the exact converse of what I had been led to expect before I left England.

(i.) The East does change. Moreover, as I can see no valid reason why the present ferment of ideas in the national mind should not become both more intensive and more extensive, it is more than probable that the rate of change in every section or department of the national life—social, economical, and political—will tend to become more and more rapid and effective.

(ii.) The East and the West are meeting. The necessary and inevitable spread of Western principles and methods in regard

to government and justice, education and religion, industry and commerce, will, however slowly, yet surely have its proper effect in developing those qualities in which the Eastern mind is commonly lacking—e.g. the historic sense, the logical faculty, and some of the more active virtues of the European ideal of character. For Christians, at any rate, who have received their religion from the East and now wish to return the gift, there can be no doubt about the ultimate capacity of the Eastern peoples to acquire all the essential mental and moral qualities of the Western type of faith and character, and to adapt them to their own peculiar needs in combination with the more passive virtues which they already possess in so conspicuous a degree.

For the moment I am leaving out of account the physical effects of climate. These have, no doubt, a great influence upon the development of character. The average types of physical vigour vary between the north and south of India, as they do between the north and south of Europe. Or again, it must be admitted that an Englishman in India cannot always be as vigorous as he might be in his own native land, and in any case every exertion costs him more.

(iii.) Eastern problems are very much like Western problems. None of the practical questions at issue—e.g. about methods of religious work, economic changes, or political reforms—are fundamentally different from the corresponding questions in England, though no doubt great allowances have to be made for the very different stages of development in the two countries. In other words, men and women are much alike all the world over, and the same causes will in the long run produce the same results in the East as in the West. At certain stages of social evolution it may be necessary to treat grown men more or less as children; but such treatment should never be regarded as final, and should always be conducted with a view to the training of individual responsibility, and the gradual extension of larger powers of personal initiative, even at the risk of their making serious mistakes.¹

¹ Since writing this article, I have read the charge delivered by the Bishop of Lahore (Dr. Lefroy) at his third triennial visitation, on November 6, 1906; and

Of course any attempt to justify these opinions by argument would require a much larger survey of the data available than I have been able to undertake. It may be suggested, however, that few Englishmen would be bold enough to assert that, in theory, such propositions are entirely unreasonable. With our knowledge of the solvent effect of modern science upon the whole stock of ideas and institutions which we have inherited, and in view of our recognition of the wide range of the whole scheme of evolution, it would betray a great lack of intelligent imagination to assume that as the Eastern peoples are to-day so they must ever remain, and that Japan is only the one peculiar exception. But, in practice, so much emphasis is placed on the slow process of development in India by the resident Englishman, that he tends to regard the existing situation as permanent and unchangeable.

He can, indeed, point to many substantial facts in support of his acquiescence. For example, I have seen village communities on the outskirts of Delhi which have survived through centuries each successive wave of mission and conquest, and still retain all the characteristic features of their ancient constitution. And behind the more or less educated fringe of Hindoos and Moham-medans—at the highest estimate only about ten millions—there are vast populations, comprising some 290 millions of people, mostly agricultural in their pursuits, which have hardly yet felt the impact of the new social and economic forces. But, thanks

it may be interesting to quote two of his statements. "I believe that we—we Englishmen—are face to face with questions of such seriousness that it is scarcely too much to say that we have reached a 'parting of the ways,' and that our whole relationship to, and power of influencing or farther helping on, the life and thought of this great land, largely depends on the temper in which we meet and deal with the problems which are thus at the present time arising" (p. 13). "And I most certainly hold that what we see around us at the present day—the discontent, the restlessness, the desire for larger life, and especially for closer and more sympathetic relationship with us on the part of the educated classes of India—I hold that all this is not merely something which, on the principles and methods which in our rule we have deliberately adopted, was *bound* sooner or later to come, but also that its appearance is in part at least a testimony, not to the defects or evils of our rule out here, very real and grievous though these may in some respects have been, but to the excellence, the nobility of our rule, and also to the success which is attending it, in that the ideals which we have for so long been seeking to instil, are giving some real indications of their presence and of their growth" (p. 23).

to the reign of peace and justice under the British *Raj*, India has already commenced an entirely new phase of industrial and commercial development. In this she starts with several great advantages. She can not only utilize our past experience and all our most modern mechanical appliances, but she also possesses a practically unlimited supply of cheap labour, and an equally extensive home market. For the moment, India is predominantly a land of raw produce; in about fifty years, even under the present administration, she may have definitely become a large manufacturing country as well. If she were free to adopt a fiscal policy like that of Canada, the rate of industrial progress would go up by leaps and bounds.

In this connexion the Swadeshi movement claims special mention. *Swa-deshi* means "own country," as *Bi-deshi*, or *Vi-deshi*, means "foreign country." The practical import of the term "Swadeshi" exactly corresponds with the suggestion of certain advertisements we are accustomed to see in England, to the effect that the ordinary buyer should "support home industries" and "encourage British manufactures." This includes, of course, the implication that retail purchasers should not use goods made in Germany or in other foreign countries. It may also be compared with the practice of preferential dealing, as recommended by the Christian Social Union, according to which consumers only deal with tradesmen who observe the standard regulations for each trade.

On its positive and constructive side, then, the Swadeshi movement is entirely reasonable and legitimate. In its original conception, it must be owned, the movement was mainly political, and attempts have been made to utilize the present scheme for political purposes in the form of a national boycott; but happily the good sense of the recent Indian National Congress was strong enough to prevent any diversion in this dangerous direction. It remains to be seen whether the masses of the population can be persuaded to pay a higher price for the goods they require, or to put up with inferior articles, in order to satisfy patriotic motives. Here, in Delhi, I have only observed one Swadeshi shop; but I am told that about a dozen have been started during the last

year. In the bazaars for the most part the predominance of foreign-made articles is very marked.

The gist of these remarks lies in the suggestion that what may be taken to be the ordinary British attitude towards the Indians requires a certain amount of amendment. A little more sympathy and tact in dealing with earnest and aspiring Indian reformers, and a little more generous social recognition of the Indian gentlemen as such, would be of incalculable value, particularly at this present juncture. At a very trifling cost to the sentimental claims of dignity and prestige, we should reap immense gains by smoothing away racial prejudices and preventing the recurrence of political bitterness. It is, I confess, somewhat astonishing to note how self-conscious the English resident in India tends to become. Indeed, every new-comer is sure to experience the same feeling when he observes the respectful salaams of the police, and the ingrained subservience of the people towards their superiors, and particularly towards any sahib who seems to belong to the ruling caste. Let us by all means insist upon our ultimate authority, and, if necessary, enforce obedience to any laws or regulations which in our opinion may be expedient for the welfare of the country. But surely there can be no real need to be always standing on our dignity, and to be so timorous about our prestige that we neglect to utilize all those little social amenities which do so much to sweeten life, and to make it more possible for men of very different types and characters to work together for a common end.

Having said so much by way of criticism, I am bound to add that I should no less strongly deprecate the sweeping condemnations of the Indian Government which are sometimes put forward. For instance, since I landed in India I have read Mr. Bryan's indictment of the British administration in India. Some of his criticisms may be legitimate enough, while others represent the sort of railing which any convinced Socialist might level against the Government in England or America. But, in effect, the general tenor of Mr. Bryan's article is so indiscriminate as to become grossly misleading and unjust. In many points—for integrity, administrative efficiency, the dispensation of justice,

or scientific regard for the welfare of the people—I should be disposed to rank the Government of India above the Home Government, and even above the Government in America.

Delhi is nearly a thousand miles north of Bombay. They call it “cold weather” here now, in the middle of January, but as a new-comer from England I find it altogether delightful. The mornings and evenings are like the bright and crisp days we sometimes get in England during the month of September; and though the midday sun is distinctly warm, and requires the conscientious use of the *topi*, or pith helmet, it is never uncomfortably hot, as it would be in Bombay at this time of the year. As a set-off, I have heard of the hot wind which blows in summer by night as well as by day, and must confess that I have no inclination to wait in order to experience it.

The town has a population of something over 200,000, quickly growing, with a large trading and small shopkeeping class. Among the chief local industries are embroidery, ivory carving, and shoemaking, while outside the walls the smoke-stacks of modern factories, owned and controlled by Indian capital, are beginning to appear. The main roads leading from the fort and palace through the town, and out to the civil lines or European quarter, are well made and kept, and the whole of this district between the famous Ridge and the Kashmir Gate, is laid out in residential gardens and with avenues of flourishing green trees.

It must be confessed, however, that as soon as one steps off the main roads, and penetrates into the quarters inhabited by Indians, the ordinary standard of sanitary regulations is simply appalling. As signs of gradual improvement, there are, at best, open drains running down each side of a narrow street, and passing into the main sewer. Many of the shopkeepers apparently find it convenient to sit over these drains, on little wooden platforms raised a few inches above the ground. In other quarters—not the poorest only, but also where the lower middle class live—there is simply no drainage at all. Each house has a small uncovered cesspool dug in the ground in the open lane; the roadway is merely mud, which has never been

metalled in any form; and heaps of filth and rubbish lie about in odd corners.

The houses are roughly built of brick and stone plastered with mud; most of them are untidy, many have a dilapidated appearance, and there is a very obvious tendency for some of them to crumble away in the rainy season and altogether subside.¹ An English sanitary inspector would be forced to wonder how the plague and pestilence could ever be absent from such truly awful surroundings. Still the people manage to live somehow, and increase in numbers; and though the decennial death-rate for the whole of India in connexion with periods of plague or famine may rise as high as 35 per 1000, the Census Report for 1901 gives reasons for the conclusion that, apart from the fluctuations due to these special causes, the average birth and death rates in India do not show any indication of permanent change.

On the whole, it is evident, I should say, that the prosperity of the country in general has improved, and will continue to improve. Here, in Delhi, the trading classes are making money—there are six or seven banks in operation; the erection of new mills bears witness to the growth of industrial enterprise, and wages are rising in every direction. The workers in the factories, *e.g.*, can double or treble their former daily earnings. On the other hand, the cost of living tends to increase, particularly in regard to the food-grains which form the staple articles of diet. Large quantities of wheat and rice are exported, and sold at a higher profit than could have been realized in this country under the old conditions.

It is impossible, of course, without undertaking a much more careful and thorough investigation, to determine the exact relation between the present levels of prices and wages; but

¹ The poorest buildings, called *Kaccha*, are made entirely with mud for plaster; while in the better sort, called *Pakka-kaccha*, the external walls are given a coating of mortar to protect them against the rain. (The first *a* is pronounced like *u*. Thus, *Kaccha* = *Kuchah*; *Pakka* = *Pukkah*.) It is a religious rule that every house or shop should be cleaned and whitewashed once a year; but when this is done in the cheapest possible style, the place may look as dirty again in a few weeks' time.

I should be inclined to believe that, on the average, a higher standard of living is being attained by every class of the community. This would include, besides all kinds of cheap foreign-made goods—cotton, cloth, hardware, sugar, etc.—such doubtful luxuries as strong drink and cigarettes, which were never used by the bulk of the native population in former times.

Perhaps the most significant fact in the modern Delhi (the ruins of at least seven ancient Delhis are strewn about within a radius of twenty miles) is the appearance of factories in the suburbs, entirely owned and managed by means of Indian capital and labour. They are, of course, only at the beginning of the impending and inevitable industrial revolution here, and have not yet advanced so far as in Bombay, which, at first sight, with its pall of factory smoke, recalls the prevalent aspect of a manufacturing town in Lancashire. But, the process having begun, it is absolutely certain to continue at an increasing rate. Delhi is the distributing centre for the north of India; it is served by no less than seven railways; and there is plenty of Indian capital at hand, which is gradually learning to find its way into the remunerative channels of manufacturing enterprise. Here, again, as in Bombay, the Indian merchant or manufacturer has a distinct advantage over his English competitor, in the simple fact that his permanent home is in this country. I was informed, for example, that in Bombay the rich Parsee merchants are buying up the best sites on Malabar Hill, which has hitherto been in the almost exclusive possession of the English residents.

I had a very striking conversation with the Parsee manager of one of the Delhi cotton-mills. It is a comparatively small establishment, according to the English standard, only containing 40,000 spindles. Some 400 men are employed, whose wages range from five to fifteen rupees per month,¹ and about 200 women and children, earning from two to six rupees per month. The hours are thirteen per day, for seven days in the week, the only holidays being the fairly numerous religious festivals or bank holidays throughout the year.

¹ 1 rupee = 1s. 4d.; 15 rupees = £1.

What impressed me most was the business capacity and alertness which the manager displayed. He fully understood the necessity for up-to-date machinery, and had succeeded, though with some difficulty, in persuading his board of directors to expend 30,000 rupees in "scrapping" the old machinery and replacing it with new plant. He had also thoroughly grasped the idea that shorter hours of labour lead to greater economy and efficiency. In a former mill under his charge, by means of "lectures," first to the foremen, and then to the whole body of employees, he had gradually reduced the hours from thirteen to eleven without reducing the total output. He now proposes to repeat the experiment in this mill, for which he has only recently become responsible. All this, of course, has been done simply on his own initiative, without waiting for the stimulus of factory legislation.

His chief difficulty lies in the training of new workers. The people are so poor that they cannot afford to forego their earnings for a few months while they might be acquiring some elementary knowledge of machine work. Still, this difficulty is not insurmountable, as shown by the number of skilled workmen already in actual employment. It was also remarkable that the men and boys were in appearance much better fed and more independent than the handicraftsmen I had seen in their little domestic workshops.

An enterprising private company is laying down an electric tramway in one of the suburbs of Delhi inhabited by a large labouring population, in order to connect this district with the centre of the town. In former times hardly any of the common workmen could have afforded to pay even a farthing for a tram ride. Many of them still earn but two annas a day,¹ and the native ekka, a little two-wheeled cart, is always ready to carry passengers a good long way for a single pice or farthing. Naturally, the ekka-walas, or drivers, are inclined to grumble at the invasion of the tram, but it is by no means certain that their trade will be wholly destroyed.

¹ 1 anna = 1 penny. Each anna is divided into four pice, and each pice into three pies. Moreover, below the pies, there are cowries, i.e. shells, in circulation. It takes eighty cowries to represent one pice or farthing.

I should like to mention many other points of interest—*e.g.*, educational work, with its comprehensive scheme for the gradual development of primary, secondary, and higher education. Primary education, it is promised, will soon be completely free. In at least one state, that of Beroda, it is also compulsory. As one of its most beneficent results, I am told that elementary education will enable an increasing number of people to escape the illegitimate and oppressive exactions by subordinate railway officials, policemen, or octroi officers, to which they are now continually exposed. This in its turn will probably involve a progressive rise in the wages and salaries paid to officials of all sorts. Most of them, at present, are underpaid, and are therefore tempted to eke out their scanty living by means of bribes and unjust charges.

Further, Delhi has a large municipal high school, and also one in connexion with the S.P.G. and Cambridge Mission, with some 800 scholars. Finally, there are two colleges affiliated to the Punjab University at Lahore—viz. St. Stephen's College, with a staff of three English and nine Indian professors, and 114 students, under the general control of the council of the Cambridge Mission (I should say that this is certainly the most important and valuable part of its manifold enterprises); and a Hindoo college, with about fifty students. (The total number of university students throughout India is estimated at 17,000.) The authorities rightly insist upon a fair standard of efficiency in all these institutions, and speak hopefully about the prospects of national education in the future.

On one occasion I attended a session of the municipal committee. It began soon after 8 a.m. (punctuality is not a common requirement in the East, I find), and the whole business was over by nine o'clock. The municipality consists of twenty-four members, half of them being *ex officio*, i.e. belonging to the Civil Service, or nominated by the Government, and half of them elected by the various wards of the city. Business was transacted for the most part in the English language, with occasional lapses into the vernacular Urdu. It was curious to observe the strange mingling of Western methods of representative government

with the more Eastern style of autocratic rule. The municipal elections, I am told, excite a good deal of popular interest, but the contests generally lie between Hindoos and Mohammedans, or between candidates of rival families or sections of the community.

In submitting these casual jottings, it may be hoped that I have at least acquired a little merit by having refrained from saying a word about the chief "sights" of Delhi. Perhaps I may be allowed to record my opinion that they are quite as interesting and beautiful as the guide-books allege.

II.

Since I ventured to write down my first impressions of India, I have been in the country for another month, and have now had a glimpse of the Presidency of Bengal. Besides spending some ten days in the capital, I have penetrated into the heart of the village districts, making a journey of nearly five hundred miles from Calcutta and back. For the most part the trip was made by river steamboats; but my ultimate point could only be reached by walking along the jungle roads, banked up against the rains about ten feet above the flat level of the surrounding paddy-fields, or by being poled along narrow canals, at this dry season very much like muddy ditches, in a little native boat, partially covered with a low awning of rush mats.

This province—apart from the wild tracts of a jungle which are gradually being reclaimed—is said to be the richest and most fertile in India: bad crops occur from time to time, but anything like a serious famine is unknown. There is a truly amazing system of railways and river steamboats all through the district. The Rivers Steam Navigation Company, for instance, has no less than twenty-one lines in operation, the various routes traverse some 17,000 miles, and I am told that ships and barges cannot be built fast enough to cope with the growing traffic. The steamers are entirely manned by Indians, from the *seraing*, or captain, downwards; and they travel by

night as well as by day, feeling their way along through the maze of rivers by means of an electric search-light.

There is, I find, one difference commonly to be observed between the native Indian and the resident Englishman. The former is apt to set a higher value upon some of our most characteristic British institutions. He has, for example, an almost unbounded faith in the power of the Press. An old Mohammedan gentleman, with whom I had the pleasure of dining (but not in Calcutta), was most anxious that I should write to the *Times* on his behalf. He was the hon. secretary of the local Ratepayers' Association; and though he did not know a word of English, and could only communicate with me through an interpreter, he felt confident that, if only his views could be properly expounded in London, all his grievances against the municipal council of his town would be promptly removed.

On the other hand, the Englishman is inclined to surmise that, to say the least, the value of a free Press has been somewhat overrated. Moreover, with the virulence of the vernacular papers under his eyes, and frank comments from home ringing in his ears, he may also be disposed to imagine that some curtailment of liberty would be a great relief. In particular, both the English official and the English missionary agree in their candid opinion that the casual traveller,¹ who presumes to express any opinion at all upon Indian conditions or problems, is an unmitigated nuisance.

It must be owned, of course, that in a general sense there is much to be said for a policy of *chup*, or silence. It would also be safe to assume that the virtue of reticence is even more desirable for Englishmen living, or only visiting, in India than it would be for them in their own native land. Religious statistics, *e.g.*, however numerically exact, are sure to be more or less misleading when taken to represent the actual progress of Christianity. Again, if a missionary is rash enough to state his candid opinion about any section of the Indian population in an English journal, he will probably have to suffer for it. Odd

¹ Familiarly known as the G.T., or globe-trotter. The characteristic mark of this person is that he is apt to wear a solar topee after 4 p.m.

sentences, taken out of their qualifying context, are promptly reported back to India, and unavoidably give offence to some of those whom he is trying to serve. Much irritation is also caused among Anglo-Indians by the public utterance of political platitudes by Englishmen in India. All the remarks may be obvious truisms from the English point of view; but it is urged that they are certain to be misinterpreted by those who hear them in India. Or, again, I have seen an Indian Christian, a Brahmin by birth—in himself, as representing a fine type of Christian life and character, quite the most encouraging fact that has been shown to me in India—writhing under the sting of an editorial note in one of our English Church newspapers.

Having admitted so much, I am free to go on and say that I am not prepared to endorse all the claims of the *chup* policy. Considerable exceptions should be made, in my opinion, with regard both to missionary and to political problems.

By this time we ought to have arrived at something like a general agreement as to the main principles of missionary enterprise. In fact, Church work in India displays all the characteristic defects of similar work in England. However earnest and zealous, it is often also haphazard, casual, and unscientific. There has been any amount of personal initiative and experiment, but far too little comparison of different methods, and hardly any attempt to correlate all the rich experience that has been gained into a comprehensive scheme.

Let me mention one or two quite simple and obvious instances of what I mean. Here is a mission which has been doing splendid and devoted work for upwards of a quarter of a century, and yet it has only succeeded in putting its commissariat into proper order within the last two or three years. Here is another which is just beginning to apply some of the lessons about the dangers of indiscriminate charity, which should have been thoroughly learned in England years ago.

Of course, all this expenditure of energy may be called "practical" in the ordinary sense. Churches and schools and hospitals have been built. Every earnest man has his hands more than full of all kinds of little duties day by day. The *dik*

or worry of it all, in addition to the continual strain of the climate, must be immense. But surely some men should have been set apart from the first to do the no less practical work of thinking out a definite plan of campaign. The idea of having a headquarters staff in England for this purpose is, I find, generally abhorrent to the active worker in India; but, perhaps, even dictation from London, if it meant a complete and co-ordinate scheme, might be an improvement on the present individualistic system. At any rate, as a necessary alternative, the Church in India, as a whole, should organize its own headquarters staff, and make a serious and systematic effort to bring all the various factors of its little army into united and coherent action.

In regard to political discussions, I am all for the utmost freedom of speech, in spite of the great risks which have already appeared on the horizon. It is impossible to stifle talk, even if it were advisable to forego this safety-valve. We have implanted the seeds of Western ideas, and must expect the inevitable crop of tares along with the good grain. It is most important, therefore, that our political ideas should occasionally be expounded by Englishmen in India, who know by actual experience the limitations of our social institutions. We shall lose nothing by taking pains to explain the difference, even in England, between the recognition of abstract principles, and the meagre results which so often attend upon their practical application. We should endeavour to guide and direct political changes, instead of merely standing by to suggest difficulties, or to criticize the crude efforts of those who are claiming freedom for the first time to make their own mistakes in the use of our methods of representative government.

In certain respects the political agitation in India to-day may be fairly compared with the position of Socialism in England in 1848. At that time Socialism had come to us from the Continent, deeply imbued with strong revolutionary and atheistic tendencies. It was generally regarded as the enemy of society. And when Maurice and Kingsley and the little band of Christian Socialists came forward to proclaim their agreement with the underlying principles of Socialism, they were exposed

to a torrent of criticism and abuse. The *Edinburgh Review* and other leaders of public opinion vied with one another in protesting against this alliance between Christianity and the international revolution. To-day, I presume, everybody would justify the intervention of the Christian Socialists. So far from intensifying any danger to the British Constitution, it served to take the sting out of the violent propaganda of the extreme revolutionists. And as we now read the old articles in the *Christian Socialist*, it is surprising how commonplace remarks like these could ever have raised such a storm of criticism. A similar enterprise is required in India at this moment: to do just the same kind of work, and in exactly the same way.

On the main point, therefore, I remain impenitent. Moreover, I desire to offer a few more remarks upon the general aspects of missionary work in India.

Two or three things should be clearly understood. First, I shall not refer to any particular mission. My information has been drawn from various sources, Roman and Nonconformist as well as Anglican; and in any case it must necessarily be thin and incomplete. Secondly, there is nothing original to be said. Every conceivable theory has been remembered by somebody, and every possible method has been put into practice somewhere. So far as I can discover, there is nothing essentially peculiar about Christian activities in India. Thirdly, I shall not make any apology for restating a few elementary truths. It would be a great gain, I cannot but believe, if more of our missionaries could get a firm grip on the fact that all the most fundamental principles of Christian conduct are as true in the East as they are in the West, and that human nature is very much the same all the world over. Lastly, what I have to say may seem merely to be critical for the most part. In fact, there are many noble examples of Christian work in India, whose ideals of self-denial and devotion to our Lord are second to none in the Christian world.

(i.) It would not be wholly unfair to apply Sir Charles Booth's indictment of mission work in East London to the same sort of work in India. I cannot quote from memory his exact

words, but he speaks of the desperate competition between the various Christian bodies, by means of doles, treats, and other subtle forms of bribery, to get people to "come to church." No doubt, large exceptions have to be made to the range of this condemnation in Calcutta as well as in London; but it is impossible to conceal the fact that it has a real bearing in both places.

It may be said, without undue exaggeration, that the ordinary Indian attitude towards missionaries, particularly among the poorest classes, is something like this. They have a great idea of the wealth of the Sahibs. They also imagine that the missionary is paid to make converts; and that, even if he is not paid so much per head for converts, at any rate his efficiency, and possibly his salary, will be measured by that test. If, then, they are inclined to break with their old traditions, they see no harm in seeking to gain something by the transaction. At the very least, they expect to secure a Sahib to act as the "Protector of the Poor." There is besides, as I have observed, always a number of nominal Christians floating about from mission to mission. If, for example, a man fails to obtain a loan from the religious body to which he belongs, perhaps for the purpose of prosecuting an unworthy lawsuit, he may think of shifting his allegiance to another mission in the hope that it may prove more generous.

Now, of course, all the best missions set their faces sternly against any expectations of this nature. More than once in my short experience I have seen a man refused, who wished to become a Christian on certain terms, or to leave one Christian society in order to join the "Church of the Beginning," as they call it. In such cases at least a year's probation is required by those who understand the situation, and the rule is, that a second attempt to change should never be considered.

Still, it must be confessed that in the past we must have given some grounds for the native view of the matter; and the following letter will show that it has not entirely disappeared. The letter is typical and genuine, and was delivered at a house in which I happened to be staying at the time.

"SIR,—I beg to state that as I wish to be a Christian, so I want to know what privilege I shall get for being a Christian. If I get a lump sum of Rs.1000 or 800¹ to start a business with, I am ready to be a Christian. In case if I profess this faith, I shall be discarded from my family, and no one will help me, and so I shall be left a wretched forlorn.

"I shall be much grateful to you, if you will kindly let me know whether you will try to get me the above mentioned sum, or a post of Rs.60 or 50² to maintain my poor family with it. I know that Christianity is a true faith, and have every hope to get salvation by professing this religion. But I am so pressed by misfortune that necessity compels me to ask this help from you to better my financial position, as I belong to a respectable family, and so this does not mean in the least that I am going to be a Christian for want of money."

Perhaps I should hasten to explain that, so far as the upper classes of Hindus and Mohammedans are concerned, the possibility of conversions from unworthy motives is reduced to a minimum. From the worldly point of view, these men have everything to lose, and nothing to gain, by becoming Christians. The few converts of this class whom I have seen, whether high-caste Brahmins, or belonging to well-to-do Mussalman families, possessed qualities of mind and character conspicuously above the average.

(ii.) It is very evident that, especially in the building up of a new Christian Church in a heathen land, quality is much more important than quantity. For this reason the missions which seem to have been less successful in winning converts may in the end prove to have done better and more effective work. To evoke a really high type of Christian character and devotion in a single individual is in itself enough to justify many years of perseverance in the face of innumerable difficulties and disappointments. When India becomes a Christian country, it will mainly be the result of the labours of Indian missionaries; and the special need of the moment is, not so much for a large army of native clergy, as for a few chosen men who will go forth in the spirit of a St. Paul or a St. Francis.

Perhaps the most fruitful work in India is being done in the

¹ 1 rupee = 1s. 4d.

² *I.e.* per month.

Christian schools. The pick of the children are sent up from the village districts to a central boarding school. Here they live for several years in a thoroughly Christian atmosphere, under strict discipline—physical, mental, and spiritual. Children of the second or third generation may now be obtained for this training, and the difference is always noticeable in their general demeanour. This is already beginning to tell in the supply of a more efficient and conscientious type of catechists and schoolmasters, a more industrious and trustworthy class of peasants and artisans, and what is in some respects even more important, a higher type of womanhood for the duties of wife and mother.

All this means the education and discipline of character with a view to attaining the ideal of Christian conduct, and as such must always be a matter of slow and gradual growth. There are, it appears, considerable variations in the standards required of different missions. Some are content at first to insist upon a few definite rules, *e.g.* that Sunday should be observed as a day of rest from ordinary labour; that only Christian ceremonies should be used at births or marriages; that no payment should be made by a husband for his wife to her father; or that the smoking of *charas* (a preparation of hemp) should be given up. In South India, I am told, attempts have been made to tolerate the existence of the Hindu caste system inside a Christian society; but, so far as I can make out, this has led to some very undesirable and unfortunate results. Other missions are more thoroughgoing, and aim at nothing short of the complete realization of the perfect Christian life.

The Welsh Revival of two years ago has had its parallel in India, mainly among the Nonconformist missions, and a large number of extraordinary phenomena has been recorded. On the whole, it is abundantly evident that, as in England, there has recently been a distinct quickening and deepening of spiritual life and activity in every part of the Christian organization throughout India.

(iii.) One other similarity between the scope and method of Church work in England and India should be mentioned. In both countries we require a wider recognition of the fact that,

to quote the Lambeth Report of 1897, "character is influenced at every point by social conditions." Therefore, just because the Church is a spiritual society, whose primary aim is to develop character, conscience, and faith in individuals, it is bound—*i.e.* the Church in its fullest sense, including the laity no less than the clergy—to pay attention to the external conditions under which people live and work.

To hear some of my friends talk, it would seem to have been ordained for ever and ever in East Bengal that a diet of rice should be considered adequate to sustain human life at a level of tolerable efficiency, that a daily application of mustard oil is a sufficient substitute for a shirt or a jacket, or that mud and rushes are the best building materials that can be found. For my part, I cannot doubt that, if these poor folk are ever to learn habits of industry and self-reliance, they must be better fed, better clothed, and better housed. It is significant that the natives are far more liable to attacks of fever than the English residents; and I have been assured by those who have had practical experience that, when the natives fall ill, they are more often in need of nutritious food than of medicine.

No doubt, there is always a serious risk in acquiring the new and manifold wants which civilization invariably introduces. It may be desirable, under special circumstances, to discourage native converts from adopting too quickly European clothes and imitating European manners, even while the process of transformation is going on all around them at a more and more rapid rate. Every observer must appreciate and admire the heroism of English priests and sisters who go barefoot in the up-country districts all the time, in order to set an example of simplicity of life. It is charming to see churches furnished in the native style—*i.e.* without a single chair or bench of any description—in which the Indians can feel thoroughly at home; and no European should hesitate for a moment over the plain duty of leaving his shoes outside when he wishes to participate in their worship.

Still, it should be frankly recognized that much of this arcadian simplicity will have to be changed for a higher standard of living. How long, it may be asked, can boots be kept out

of general use? The factories at Cawnpore and elsewhere are already supplying a stronger and cheaper article, which is gradually replacing the old fashions of footwear. Moreover, it is shown that boots, as in the case of soldiers and police, are a great protection against plague, which may be contracted through a cut or a bite in the bare foot.

Further, if these people are not taught to need and use good things, they will probably spend their larger earnings on bad things. At present, apparently, litigation is their most expensive luxury. But I noticed some cases of whisky going ashore from the steamboat, at little villages in the Sunderbuns, where there was not a single European resident. It is also said that the cultivation of jute, as being a more profitable crop, is being substituted for that of rice. This leads to a shortage of the rice supply for home consumption, and enhanced prices, which the natives are loth to pay. It is desirable, therefore, that they should discover other and more nutritious kinds of food.

Many interesting experiments have been made in the direction of reorganizing the social and industrial life of Christian converts, *e.g.* industrial schools for training skilled artisans, Christian villages for agriculturists, and Christian compounds for city inhabitants. Some of these, it is reported, have only achieved partial success: and over them all the old warning is rewritten—that any attempt to combine charitable with business relationships is fraught with serious dangers. If, for instance, a tenant falls into arrears with his rent, it is, to say the least, extremely invidious that he should have to be evicted by his Christian pastor.

It is expedient, therefore, that all these excellent institutions should be placed on a strict business basis, and should be managed by special authorities absolutely distinct from the regular staff of a particular mission. The Government is doing a great deal for the promotion of agricultural banks, irrigation, and technical schools; and the missions must be content to teach their people how to co-operate in making a fuller use of all the advantages now placed at their disposal.

J. CARTER.

IMMIGRATION AND TRANSMIGRATION.

WHILST the opponents of the Alien Act, 1905, continue to pour the vials of their wrath upon that ill-used measure, there have not been wanting writers to attack it upon what on the surface appear to be reasonable grounds. For instance, one important point raised is that the Act is destroying a great branch of our shipping trade—that of carrying aliens from the Continent to America by way of England; and, at the same time, though the cause of hardships and persecution to the incomers, and a source of expense to the British taxpayer, it has only sufficed to exclude an infinitesimally small number of aliens. One may agree with much that is said about “the insatiable craving for big figures which the agitation has fostered;” and undoubtedly the supporters of the Act have been guilty of unconscious mistakes and exaggerations. But it is the hope of the present writer to be able to show that such misunderstandings are not the monopoly of one party to the dispute, and that the need for legislation is based very largely on other causes than the gross numbers of actual immigrants.

As regards transmigrant traffic, it is possible, indeed, to set against the 1,097,682 aliens who have entered the country from Europe between 1900 and 1905 a total number of outward departures during this period of 967,682. Of these it is maintained still, as it was by Liberal members of the late Parliament, that very few come from the alien population of England; and of the difference between the totals, such as it is, 85,146, or nearly two-thirds, are known to be foreign sailors arriving to serve on board English ships. Further, the actual net increase for the year 1904 is shown by the yearly Report on Emigration and Immigration to have been but 1046 in 1904, and there was an actual decrease of over 4000 in 1905, without counting alien seamen. I hope

to show later, however, that these net figures may be quite compatible with a large number of new alien settlers, temporary or permanent; but it must further be noticed that Mr. Wilson Fox commented in the current Report on the lack of complete trustworthiness in the figures. Further, the subtraction often made of the whole of the foreign seamen from the total of immigrants is scarcely justified when the Report only assumes that "a certain proportion of those who arrived and were recorded as passengers escaped record when they left." And one may point out that whatever may be the purely competitive character of this branch of immigration, the political danger of recruiting our marine in this manner is not a thing to be lightly overlooked.

The quarterly return as to alien passengers from European ports is far from supporting the fears that are felt or pretended as to our alien traffic, which receive most colour from the fall in the number of steerage arrivals in London from 11,408 in 1905 to 6568 in 1906. For the country as a whole, however, the difference between the two years is slight, the numbers being 50,292 and 48,801 respectively, or a great increase in both cases on the previous year's (1904) total of 33,437. Nor can the numbers for the first three months be regarded as a test, for the total number of these arrivals was 196,587 in 1904, and about 1500 less in 1905. The figures given would tend to show an increase rather than a decrease in the business done by our shippers, for in London 96 per cent., and at other ports only 35 per cent. of the steerage passengers arrive in foreign bottoms.¹ But even the figures given for the first three months are found to be untrustworthy. Taking those for the first nine months of each year, we find the numbers to be, in 1904, 143,307, of whom 77,117 were, and 66,190 were not, transmigrants; in 1905 they were 160,637, 89,199, and 91,438 respectively; and in the present year they have been 185,145 (within 10,000 of the total for the whole of 1905), 133,329 being transmigrants, and only

¹ Mr. Bonar Law, on July 3, 1905, gave figures for 1904. To London, in English bottoms, 2180; in foreign, 49,376; to other ports, 93,333 in English, and 50,147 in foreign ships.

51,816 other passengers. Clearly, then, the evidence goes to prove not the decay, but the increase of our transmigrant traffic, a tendency which the Act itself is intended to foster. Of the 51,816 non-transmigrants, no fewer than 6678 have been admitted under sect. viii. (1, *a*) of the Act, as ultimately proceeding to a destination outside the United Kingdom: whilst by the same section (1, *b*) transmigrants holding prepaid through tickets are, subject to certain conditions, allowed to land. With regard to the first three, or even the first two months of this year, it is only in comparison with 1905 (easily the record year, for January and February) that the decrease is visible. Both in number of transmigrants and in the total the numbers for 1906 are greater, and except in one case very much greater, than those of any previous year. Taking the first nine months as a whole, therefore, the total figures easily constitute a record, and still more do those of the transmigrants. These latter, indeed, have, leaving out January and February, only been exceeded in April, 1902, and April and May, 1903. Moreover, the total of 51,816 other passengers was a big drop from the numbers "not stated" in 1904 and 1905, and of these over 21,000 have been accounted for as non-settlers, the total of those who do not come under one heading or another as non-settlers being 80,568. Taking, for purposes of comparison, the larger figure, the drop may be accounted for partly by improved statistics and by transmigrants declaring themselves as such, and perhaps more often proceeding directly to America, and possibly also by a refusal of English shipowners to carry a number of cases. Finally, the increase of over 16,000 between February and March is very large, but the numbers in previous years (1905 excepted) have always doubled, and at times have nearly trebled. To sum up, not only has there been an absolutely large increase of transmigrants, but the tendency would be for a larger proportion to come in English ships. As regards America, it has been said that the alien considers his chances of admission greater if he comes in an English than in an (often filthy) German ship; and possibly the same logic applies to England under the new Act.

Again, an impartial consideration of the question would lead

one to see that only to a very limited extent can the Act affect transmigrants. As far back as 1889, a Report stated that the better class of aliens came in transit, and only the poorest and worst remained ; and in the House of Commons, on July 3, 1905, Mr. Bonar Law pointed out that, as the majority of transmigrants were destined for America, where the restrictions on immigration are far greater than those proposed by what was then the Aliens' Bill, this class would not be touched by it. There is a tendency to overlook the provisions, quoted above, made for transmigrants by sect. viii. (1, *a*, *b*) of the Act. Further facilities may be needed to enable the purchase of tickets in England : and the Act definitely aims at those who, in Mr. Bonar Law's words, are using England as a training ground. The mistakes and individual acts of injustice that have taken place will probably not recur when the machinery has got into proper working order, and steps can easily be taken to prevent them.

As regards the failure of the Act to accomplish its purpose, it is true that there were only 168 exclusions in the first three months, and that the proportion has been reduced since Mr. Gladstone's instruction. One writer takes three hundred as the outside estimate for this year, and the annual expenditure under the Act as being £24,000 : this works out at the rate of £80 per alien. Such a reckoning is absurd on the surface, since the actual number of exclusions for the first nine months of the year is no fewer than 372. Moreover, there are grounds for demanding that some allowance shall be made for the raising of the minimum numbers necessary to make a ship "an immigrant ship" from twelve to twenty, and for the openings given to "undesirables" to masquerade as refugees. Then we must add the 215 aliens expelled under the Act up to September 30th, making, as things are, a total of nearly six hundred who have been excluded or expelled from the country in the first nine months (only) of the year. Furthermore, it is not unreasonable to suppose that, apart from actual exclusion, the Act would have had some further effect in preventing shipowners from taking on board not only notoriously undesirable, but also doubtfully desirable immigrants, since the expense of their repatriation

will fall on the shipping companies, and it is clear that they will take measures to protect themselves from such risk. And there is nothing in the figures for January to September to put any such inference outside the bounds of possibility. Thus the effect of the Act would be considerably greater than is often supposed. Moreover, in the expense of the Act must be included other items than those relating to the actual expulsion of aliens. The £24,000 estimated would include the cost of those duties taken over from the registration of the Aliens Act (1836), and of the medical inspection rendered necessary for the exclusion of the diseased and insane. And, after all, the charge by itself is not great; it would amount to but an infinitesimal fraction of 1*d.* in the £ income tax, and is less by far than the annual loss sustained by the London County Council over its steamboat venture.

Finally, there is the question of the actual extent of the alien influx; and here I hope to show not only that the actual numbers are greater than a reliance on figures previously quoted would lead one to suppose, but also that the conditions under which, and the area within which, this takes place are such as to render the danger greater than the mere numbers would indicate. Comparing the census of 1881 with that of 1901, we find the population of Great Britain has increased less than 19 per cent., whilst the number of aliens has risen from 135,600 in 1881 to 219,523 in 1891, and 286,925 in 1901—an increase in twenty years of over 150,000, or more than double. In London, again, the figures have been, 60,252 (1881), 95,053 (1891), and 135,377 (1901). Moreover, this largely understates the real extent of the alien influx. For, in the first place, the children of alien parentage born within the country are treated in the census as of native birth. Therefore the numbers given are only the actual numbers of those aliens living at the time of the census, and take no account of those who have died or emigrated since the previous census. That is to say, the number of aliens who came into the country between 1891 and 1901 is represented by the actual increase in the alien population (67,402) plus the number necessary to fill the places of all those aliens who have died or been

emigrated during the ten years;—and even if comparatively few of those who arrived after 1891 had deceased before 1901, the proportion among those who came before 1891 must be very much larger. Finally, to find the number of aliens born in the country we have to add to the total of aliens in the country in 1901 (286,925) all children of alien parents born within the country; and as, at any rate recently, the aliens have generally formed a non-assimilating community, this increase will be by no means small. Mr. Wilson Fox, indeed, gave reasons to suppose that in 1905, at any rate, the actual alien population either decreased or increased less quickly than before; and the same may be true of 1904. But, on the other side, it is equally plausible to say that this is due rather to a larger outflow of the existing alien population than to any check in the inflow of new arrivals. In a question in the House of Commons this year, the member for Hoxton quoted from Prebendary Carlile to the effect that the policy of the Church Army in relieving the labour market by emigration was nullified by the continual inflow of foreign labour. The complaints of East London are as bad as ever, and the present writer has been told that even some branches of the building trade are being invaded by the aliens.

Such figures may well give pause to those who are opposed to the present Act on purely practical grounds. And owing to their settling only in a few cities and in some parts of them, the actual pressure is far greater than a mere statement of numbers would imply. For instance, the alien inhabitants of Stepney have more than trebled since 1881, there being a net increase of people alien by birth as well as race of more than 38,000. Moreover, their tendency to become a non-assimilating community—a state within a state—and their general refusal to deal with or employ any but their own people, means generally a larger interference with British labour than would be otherwise the case. Again, in replying to similar figures brought forward in committee on the Bill, Mr. Bonar Law pointed out that there was no reason to suppose that all the emigrants who entered the country left it the same year. The

aliens were, in fact, using England as a training-ground. A statement by a certain Jewish society to the Commission of 1903 appears also to bear this out; and it is probable that many such aliens, especially those leaving during the census, or soon after its compilation, escaped inclusion in it.

It is still open to any one to declare that the evil has been done, and that it is too late to undo it. Still more reasonable is it to declare the present Act to be an utterly insufficient measure, whose scope ought to be extended more widely. But, however inadequate, it appears to the present writer to be an honest attempt to grapple with a difficult question; and who can say that the yearly exclusion of some hundreds of the least desirable of a most undesirable class is a thing unworthy of consideration? We should rather commend and support it, than treat it with the scorn and indignation which many pour upon it. Hurried through Parliament it may have been from fear of the unscrupulous obstruction which had wrecked the bill of 1904. Still, the Liberal members and candidates for East London, headed by Mr. Sidney Buxton, "endorsed this so-called spurious agitation on every platform, and had finally begged their leaders in the House of Commons to let the Bill pass as it stood."¹ Specific acts of injustice are made much of; but these are probably inseparable from the working of any new piece of administrative machinery; whilst to arraign, as is sometimes done, the elementary common sense which put the administration of the Act in the hands of a man² possessing a complete knowledge of and sympathy with its principles, is on the face of it absurd. Changes and increased powers may be necessary, but, as it stands, the bill strikes one as honest and statesmanlike, whilst for their courage in face of so many difficulties its supporters deserve the highest praise.

N. B. DEARLE.

¹ Speech of Sir W. Evans-Gordon in House of Commons, July 3, 1905.

² Mr. Haldane Porter, secretary to Sir W. Evans-Gordon.

L'ABBÉ RAMBAUD.

HAS science ever explained a natural feature dear to the heart of poetry—that so-called ninth wave which passes all that have gone before it, to reach a point none of its immediate successors can touch? What is the careful combination of forces thus marked by a culmination of energy? Perhaps it is not exactly known, far less may human scrutiny appraise the united powers which bring into being a similar phenomenon in men and minds. But to perceive such is to wonder and adore. In the life and work of the Abbé Rambaud, now told us by M. Joseph Buche, we note the result of a marvellous combination of apparent opposites, and a breadth of heart and intelligence, and other great qualities, disciplined, refined, enhanced by the grace of God.

Camille Rambaud was born in Lyon, in 1822, the son of a well-to-do manufacturer. He was educated at a *lycée*, where he had an undistinguished career, learning only what interested him. He says that he carried from school an acquaintance with Tacitus for "tout son bagage classique." He left young to enter his father's office, at a moment when his business was threatened with reverses due to the merchant's desire to be also a landed proprietor. There he threw himself heart and soul into his work; he rose early, toiled at accounts, improved his drawing, for which, as for music, he had great natural aptitude, and studied English. At the age of twenty-one he was made a partner in the firm of Potton-Rambaud, whose renewed prosperity was due in great measure to his quickness in seizing opportunities, as well as to his industry.

Then came the revolution of 1848, with a whole train of new ideas for the young merchant. To Camille Rambaud and the two young Pottons, in the very midst of their services as

"gardes nationaux," it was given to perceive some of the causes of the national disturbance. Camille, says his biographer, had during the last two years ascended enough poor staircases to know something of the poverty and suffering of the silk-weavers. His mind, at once visionary and practical, formed a plan by which the power and protection of capital might be placed at the service of labour. Of that plan of organization—now long past, and overthrown finally by the stupidity of others—it would be too long to speak. One incident in connexion with it emerges to the front of Camille Rambaud's story. At the inauguration of the Société Mutuelle, in which Rambaud's ideas were embodied, it was proposed to decorate him as a promoter of the welfare of the people, and—

"thus, by means of a bit of red ribbon, to show the gratitude of the *Prince Président* (afterwards Napoleon III.) to those who, even with ideas differing from his own, had served the cause of the working man."

The vanity of human dignities was brought home to the young Rambaud that day, when, at the last moment, the promised decoration was given to another. But he realized, as he looked from the *Prince Président* and the notables to Perugino's great picture of the Ascension on the wall opposite to him, the meaning of those words of an English poet whose verse was dear to him, "Fame is no plant which grows on mortal soil."

He realized more. He may have heard at that moment the call of Christ, for each stage of his life henceforth is marked by the obedience of one to whom the cry of the poor was ever the voice of Jesus. For many years previous to this, Rambaud had been indifferent to religious privileges and duties. Since his boyhood, as he said, "by little and little he had slipped from the choir to the pillar of the *bénitier*, and from this, one fine morning, out of the door." During these years he had led a bright and gracious life, the life of a bird of paradise, of a butterfly, as his friend Louis Potton called him. His beauty, cleverness, and success made him popular everywhere. But now the poor staircases had led him higher; it had become no

longer gratifying to be a king in society, or to spend one's leisure hours in making exquisite volumes for the lady of one's choice. Worldly gatherings lost their charm, and were often replaced by long talks on religion and social affairs with Louis and Ferdinand Potton, friends who with him were determined, if possible, to "make poverty disappear."

Letters between the friends, and personal thoughts and meditations written at the time, show some of the great principles on which Rambaud was able afterwards to build so much; as this—

"If charity is excellent when limited to the aid of the incapable and those who are injured in the battle of life, it becomes the greatest of ills when it fosters idleness and indifference."

"The father, deprived of the care of his wife and children, is no longer deserving of the name. With his responsibility he loses his dignity."

"Ah! te voilà?" were the words with which M. Desrozières, his director in boyhood, received him again when, after one of these great discussions, Camille Rambaud returned to the priest. At this date, also, he joined a *Conférence de Saint-Vincent de Paul*, and became, with his friends, a regular visitor in the slums of the great city.

The next step was to open a Sunday school. At first two little rooms, then a third, were hired, and a modest altar erected at the end of one of them. Children were gathered, and soon an evening class was added to the Sunday one, for with Camille Rambaud "religious teaching could never be separated from human and actual knowledge." The scholars were of the roughest class, real savages, who on one occasion "suddenly extinguished the candles and carried them away; it was even said that they ate them." In 1850 the little rooms were exchanged for a house built by Rambaud, the ground floor consisting of a large hall and a little Gothic chapel.

As the work developed it absorbed more and more of the thoughts of the young men, but they were still, we are told, of the group "très élégant et assez mondain." But a deep, almost forbidding seriousness was gaining upon them, sometimes showing itself in strange ways at the very heart of gaiety.

"Even a dance," says Rambaud's biographer, "was an opportunity to preach. . . . One of them might be seen drawing from his card-case an elegant little card with gilt edges and a black ground, on which a death's head crowned with roses was designed in white, and say to his partner, with the most engaging smile, 'This is what we are, my poor young lady!'"

The school alone could not absorb the ardour, now inflamed anew by the burning words of Père Lacordaire, of this devoted body of friends. A visit to the hospital of the *Dames du Calvaire* was enough to suggest that they too should tend the suffering. On the first floor of their school-house a room was opened, and three sick children were the first inmates. We are glad to learn that a worthy woman was put in charge of them, for the devotion of the young men seems to have been more fervent than practical. But even this was not enough. There was yet another staircase in the house in the alums. Up this, too, went the friends at times, each to pass the night in a little cell on a plank bed, and to recite the offices from big breviaries borrowed from sympathetic Capuchin monks.

We are not surprised to read after this that the "terrible hour of a supreme resolution had come." The first to go was Louis Potton, who, in 1850, joined the Dominicans, and it is on this subject of the distress caused by this act to relations and friends that the Abbé Rambaud wrote, at the end of his life, words that have special weight at this moment: "Whatever may be said about it, there was then infinitely less religion in souls than there is to-day." A little later came the turn of Gustave Mathevon, aged twenty-five, an able business man, and brilliant in society. Another friend, M. Brosse, soon followed. He was rich and successful, but left the world to become a monk, and die in Trinidad after thirty years' work among lepers. In 1853 Ferdinand Potton joined the Capuchin order, leaving Camille Rambaud to soften the grief of his departure to his parents. There was reason in this, for doubtless Camille's influence had much to do with that final choice of which neither Ferdinand nor his brother had earlier thought.

In any case he was left alone for the moment, and with the

difficult problem before him, how best to continue his work, and yet not to desert his friends in that way to which he had himself led them. His first decision was to renounce the idea of marriage, and the final resolution soon followed. He would live poor, clothed and lodged like the poor. The decision once formed filled him with a great joy. He tells in his own history of this time, that after talking of it with a friend till midnight on the Place Saint Sulpice, "I was so happy about it that I sang the Magnificat as I went down the streets on my way home."

This great decision took place at the beginning of January, 1854. Rambaud's father stormed, his mother wept. But on her way to seek masses by means of which to change her son's determination, Madame Rambaud fell, and was carried home to a bed of suffering, where she died a fortnight later, having said to her son, who asked what he should do, "Oh, do all for God. I have been poor, I have been rich; but that was all of no importance." Yet it was difficult to go. Business relations had to be considered and readjusted; finally a substitute was found for himself in the partnership, and Camille was free.

His first act was to buy for fifteen years a piece of waste ground, across which ran a sort of marsh formed by a stream. On this site he began to build, without an architect, employing a poor mason who had neither plant nor resources. The house, built of some composition, was connected by a few poor little cells with a modest chapel. The whole building was remarkably ugly and mean, and caused its author the greatest distress. In his choice of life, he had not calculated on what he must suffer from the "horrible torture of ugliness." To this suffering was added that of loneliness. His friends, says his biographer, deserted him when he put on the workman's blouse. From this absolute desertion he was rescued by Paul du Bourg, a rich young man, the son of a banker, who had been frustrated in his intention of joining a "modest third order of St. Francis." "There is work here for two, come to me," said Camille; and Paul du Bourg came, in December, 1854, never again to leave the work which was then hardly in being.

The early days in that house read like a romance, Rambaud was ever planning fresh schemes—creating the future, as M. Buche says: Paul du Bourg was ever the pitiless critic before the event, and, after it, the devoted agent. At Christmas the sick children were installed in the one dry room of the new house, and midnight mass took place in the little chapel. But I must pass over the struggles, the search for daily bread, the pilgrimage to the Curé d'Ars, and other delightful episodes, hoping that the reader will seek himself, in M. Buche's admirable book, the tale of this heroic age.

There came a moment when Rambaud, whose sympathies ever extended beyond his immediate circle, became urgent to supply the needs of a quarter of Lyon known as the Cité du Rhône. He would begin by building a church there. Du Bourg, who hated debt and risk, objected. It was their first conflict. "My brother," said Rambaud, "you must go into retreat with the Dominicans at Maubec." Du Bourg went, and returned in two days, to say, "Build as many chapels as you like." And with the first stone of this church, which was begun in 1856, the foundation of the *Cité Rambaud*, at first known as the *Cité del Enfant-Jésus*, was laid. There were many hindrances, and the work had to be abandoned in a state of great incompleteness, though Du Bourg had thrown all his patrimony into it. Of this self-sacrifice with so little apparent result Rambaud wrote to him thus: "I am your cross; you love it as our Lord loved His, but none the less I make you suffer."

Meanwhile, around the church grew a town for working people. The building of this went on in high hope: "What a magnificent enterprise, my brother! A whole town where everything shall be done as unto Jesus."

Alas! disappointment and failure followed immediately. The tenants did not pay their rent, Rambaud would not prosecute. There was hatred where love should have been, and the whole scheme was crippled by debt. A further difficulty in their social work arose when the Capuchin fathers ceased to officiate for the *Maison del Enfant-Jésus*. Rambaud saw the necessity

of becoming himself a priest, and for this purpose he went to Rome at the beginning of the year 1859. He was now thirty-nine, and the necessary study was no easy matter for one whose world had been for so many years among men, not books. Complications arose in the work left without a head, and distressing letters reached the student to bring him home, still but a deacon. Finally, the kind aid of a Jesuit, who had always favoured Rambaud's large family, even assisting it in times of need to a truck of coal, enabled Camille to receive the priesthood in his own country. Rambaud's first act afterwards was to order Paul du Bourg to follow his example, and, in spite of his protestations, to despatch him to Rome.

Meanwhile, through great difficulties, and with the help of rich friends, the *Cité* had emerged from its worst trouble, but transformed. It was to be no longer a city of working men, but one for aged people who should live in it rent free. This charity to the old was to be quite unconnected with anything of the kind existing, and those who accepted it were not to be interfered with. The old man was to be able to live with his wife; "his door might open, when he chose, to his children; he should remain a free and responsible man to his last breath."

Rambaud could now turn to other plans. He had sought, but without any marked success, to gather the children of his *Cité* into schools taught by the Christian Brothers. But Rambaud's system of education, based as it was on the teaching of philosophy, was not successfully carried out by these excellent men. It became necessary to find teachers who had no pre-conceived ideas, and these were found in two women, able large-hearted persons, who had no certificates nor even training for their task, but were quick to imbibe the ideas of the abbé, and to carry out his methods. Rambaud was able to leave the schools happily in their care while he went to Rome to obtain the sanction of the pope for teaching philosophy in elementary schools.

In 1870 the new educational developments were arrested by the war, to the seat of which Rambaud sped at once, to offer his services as chaplain, and those of his three so-called Sisters as

nurses. The offer, so far as concerned the women, was declined, and shortly after reaching Metz the abbé seems to have felt that he should have remained with his *Cité* and his school. It was too late, the enemy had closed in, and with or against his will he was forced to remain with the army.

I must pass over this episode, rich as it is in characteristic ideas and letters, and astounding in the actual results achieved for the soldiers, to the moment when, in April, 1871, at Königsberg, a letter reached Rambaud from M. du Bourg, that loyal disciple, who could on occasion be also conscience and guide, recalling him from the strange new scheme evolving on the shores of the Baltic, to the narrower limits of his school and *Cité*. The humility and obedience which at once brought Camille Rambaud back to Lyon are not the qualities for which we love him least. He came in sorrow and repentance, and in weakness of body which shortly developed into a very suffering illness. The first months after his return were an obvious strain, but not the less vigorously did he throw himself into his educational work. New ideas on the teaching of girls had been imbibed in a short fortnight at Berlin on his way home, and these soon began to take such shape as he felt to be possible in his own country. Mainly, this was to give girls as far as possible the same educational advantages as their brothers; this, in the schools of the *Cité*, meant to teach them philosophy.

M. Rambaud's ideas on the teaching of girls were given first to the Sisters, and finally, in 1886, appeared in book form, with the title *La Mère de Famille ou la Maîtresse de Maison*. This book, which dwells much on the peace of home life, deals also with the difficult problems of to-day, such as that of the employment of married women. Not content with writing for mothers, he addressed them in lectures, or *conférences*, as the French call them, in which he plainly spoke of the duties of the mother, as well as of the education of the girl. He appealed to women to become the friends of their husbands by serious study, while insisting on the difference which exists in their nature and duties. The *conférences* dealt also with the duties of citizens, and for the sake of religion he implored his hearers

not to become political. With the athletic tendencies of Anglo-Saxon education for girls he found fault—Paul would not have liked his Virginie to jump the stream across which it was his privilege to carry her.

This book was shortly followed by a treatise on social and political economy. In this work of deep interest, Rambaud displayed a vast knowledge of practical affairs, and of the true needs of men, and set forth his own ideas for ameliorating the lot of the poor. Living as the poorest of the poor himself, working among them, teaching them, writing for them, he never desired to better their lot by dragging down others. He had no chimerical dream of equality of goods. On the contrary, his own experience as a rich business man, and as one who was linked in friendship with the rich, had shown him the use and influence of well-directed wealth.

In 1893, at the request of Cardinal Foulon, Rambaud published a work entitled *Religion*—a beautiful book, the noble thoughts of which are coloured by that deep love of home and parents which lay at the root of all his philosophy.

“God is intelligible to man only when he realizes that in Him are to be found in infinite measure all a father’s goodness, all a mother’s tenderness.”

“It was,” says his biographer, “the confession and echo of his loving heart. He ceased not night nor day to pray for his parents, and to consult them as if they were present and could answer him.”

Rambaud exposed himself to the criticism of having spoken too humanly of God. He does, indeed, speak of Him as of a Father who watches with anguish the error of a son. God suffers, God repents, God fears. But his method is that of a St. Francis, of a St. Theresa.

“God is not only the infinite, Almighty Spirit of the Catechism, but Father, Brother, Friend. We are His offspring ; in us He has planted some image of His own greatness.”

“Forgive me, O God,” he cries, “for having thus dared to write of Thy greatness, Thine infinite perfection. . . . Thought is lost as in a shoreless ocean, when it seeks to conceive Thee ; . . . it perceives marvels which it cannot express, such as those which are murmured in the silence of souls which love one another, which are sweet as the

tenderness of our mothers, and the looks of our sisters, lovable as the heart of a friend."

M. Rambaud's latest book was the *Histoire des idées philosophiques*, published in 1898. His practical work went on all the time, the *Cité* of the Aged becoming firmly established. There was even a plan of founding a similar institution in Paris. This was abandoned owing to the blindness which came to Rambaud in 1894. His health had been for the most part good, and uninjured by the austere rule which he imposed upon himself. Even when old, he allowed himself no ease, but continued to the end to live in the simplest way. His wants were supplied by a little cell containing a rough table and a plank bed with a thin mattress and two grey blankets, from which he rose each night at midnight to pray, and finally left each morning at half-past four.

In 1901 came the last illness, with great suffering, and for a short time with the darkness of doubt. Had he fully believed what he had taught? The horror passed, and a few days before his death, in 1902, he had himself carried into the church, and, leaning against the altar, he made as it were a confession of his love and pity for the old people he had helped. "It was for the sake of your souls that I built the *Cité*." On February 13, 1902, he died.

Not the least interesting portion of the abbé's biography is the preface by M. Edouard Aynard, the well-known senator, whose friendship with the abbé was of thirty years' standing. I conclude by quoting from it a passage on Rambaud's philosophy of life:—

"The Abbé Rambaud wished to be associated with his own times, and to take his own side in them. He chose the side of liberty. Attracted by a socialist utopia in 1848, . . . he had worn the blouse of the artisan that he might bring himself more into touch with the people. But the illusion was short, and it was in liberty that he invariably sought the solution of the eternal social question, which increases instead of diminishing with the growing fortune of the world. Labour freed and dominated by spiritual ideals, the harsh pursuit of self-interest regulated and softened by Christianity,—this in his eyes was the social condition to be established. His own works are built

upon the idea of solidarity in duty freely accomplished, on responsibility and the power to work left even to those assisted by charity, on the same idea of responsibility developed even in the child at his desk in the elementary school, in the support of the family regarded as the corner-stone of the social edifice, and finally freedom for the family itself by not allowing it to be deprived of the wife and mother.

"What the Abbé Rambaud actually did was only the realization of what he had thought. At every point in which his thought was realized, this priest, whose insight was from the heart, showed himself to be a man really in advance of his time, the bold pioneer of mutual interest as the right basis for a workman's pension, of the school which opens the mind of a child instead of stifling it into memory, of the free almshouse where the old man still works and earns, of the mother restored from the factory to her own home.

"At the very moment when societies for mutual help were beginning to develop, and when public authority regarded them with as much suspicion as if they had been secret societies, in 1850, the Abbé Rambaud perceived the great future before them and the act of fraternity which they implied. He placed before the Lyons Chamber of Commerce a new scheme of mutual help, one which included not only relief in sickness, but also retiring pensions obtained by the co-operation of employers. By a demand which was almost imperious he urged the Chamber of Commerce to create for the silk-weavers, that fine society in which the Chamber itself, handling the contributions of employers, ensures some six or seven thousand retiring pensions on condition that the workmen, on their side, provide for relief in sickness. This complicated and ingenious system appeals at once to collective and individual action freely given. . . . Help yourself, and you shall receive help."

In conclusion, one word should be said of the all-embracing charity of this man. Throughout his life a faithful son of the Church, obedient to her lightest word and honoured by her in death, his social work and large intellectual interests carried him into friendship and associated work with notable business men, members of the Government, and Protestant ministers. Men of varying shades of faith and unfaith sought him in his poor cell to be comforted and uplifted, for "in renouncing the world, being at once within it and above it, he lived in the lives of others, understood, loved them, sacrificed himself for them."

ELIZABETH RAIKES.

UNEMPLOYMENT.

I.

MR. JOHN A. HOBSON, in his book *The Problem of the Unemployed*, rather sarcastically observes—

“The miserably defective character of our statistical machinery forms an adequate basis of ignorance upon which to form discreet official answers to awkward questions.”

While this is true, it also unfortunately permits of wild and grossly exaggerated assertions being made by time-serving politicians and Socialist agitators with an axe to grind. Who has not been both startled and pained by announcements in the Press that a noted politician has made the sensational statement that in the United Kingdom we have 13 millions of people always upon the verge of starvation? There is no evidence forthcoming to demonstrate its truthfulness; it is merely a bald assertion. The grossness of the exaggeration causes the assertion to be discussed and quoted by others, until, in a very brief period, a large number of the unthinking public accept it as an actual fact. Similar flagrantly exaggerated assertions are also made to the effect that thousands of little children are driven to school breakfastless, and that we have “a million unemployed.”

In regard to these statements, the theorist and the practical worker have ever been at variance. By what process of reasoning or calculation, we may ask, do our theorist friends arrive at this “million” unemployed? We have an illustration of the process in Mr. Hobson’s *Problem of the Unemployed*. He goes to the returns published each month in the Board of Trade *Labour Gazette*, which purports to estimate the number of trade unionists unemployed in all parts of the country from the figures

given by those unions which make returns. Whatever that percentage may chance to be, our theorist argues, the probability is that the same percentage will hold good amongst all trade unionists throughout the country, and, as the trade unionists are composed of the best men and women in the labour market, it naturally follows that a larger percentage of unemployed will be found amongst the rest of the workers. Thus for the purposes of his book Mr. Hobson took the returns for week ending December 31, 1894, when the percentage stood at 7 per cent. What Mr. Hobson forgets to mention is that during the winter of 1894 we had a seven weeks' frost, which naturally put an end to all outdoor work, and thus threw a large number upon the unemployed list. Had this 7 per cent. held good throughout the 14 million workers in England and Wales as published in the census returns for 1901, it would have meant that 980,000 workers were unemployed.

On Sunday, January 6, 1907, speaking at Burnley, Mr. Philip Snowden, M.P., the junior member for Blackburn, said, "You have at the present time 500,000 unemployed who are going about 'begging and pleading' for work." It is not difficult to imagine that many in that crowded audience would cry out "shame" that such a state of things should be possible. We must not forget that Mr. Snowden is an authority amongst a certain section of the public, and they would naturally think he had good reasons for making such a statement. It would never dawn upon these unthinking people to ask either Mr. Snowden or themselves, "Is this statement true?" Again, in an article which he wrote in October, 1905, Mr. Snowden further said the Board of Trade returns vary from $2\frac{1}{2}$ to 10 per cent. unemployed trade unionists, which gives us an average of 800,000 and never less than 400,000 unemployed workers in this country. The improbability of such an assertion being true is accentuated when approached by the process of elimination. For example, according to the census returns for 1901 we have in England and Wales from 10 years of age to 75 years and upwards, 14,328,727 workers. Of this number considerably over $3\frac{1}{2}$ millions are Government and municipal officials, soldiers, sailors, policemen,

clergymen, ministers, priests, nuns, sisters in hospitals, professional men, farmers with their wives and children engaged on the farm, publicans, and members of other professions into which unemployment can hardly ever come. Yet in his generalizing the theorist gives to these $3\frac{1}{2}$ millions the same percentage of unemployed as to other workers in the community. With this number eliminated we have only $10\frac{1}{2}$ million workers amongst whom unemployment is possible, which would give us one unemployed in every 17 workers from 10 years of age upwards. If Mr. Snowden or any other theorist believes this to be true his credulity is truly great.

Leaving the domain of theory for actual fact, what do we find? When the Unemployed Act of 1905 was passed in response to those degrading processions, the problem of unemployment, i.e. real surplus labour, was supposed to be very acute, yet we find that only 120,251 persons applied to 124 distress committees throughout the country. The query naturally presents itself, What had become of the other 900,000 unemployed who were supposed to be begging for employment? Again, if the applicants to the distress committee at Blackburn are any criterion of those applying to other committees throughout the country, then 90 per cent. of those who did apply were the ordinary seasonal workers, and therefore not really unemployed within the meaning of the Act. This is again borne out by the figures for this winter. The local distress committee in Blackburn opened their office this winter on September 19 last. For several weeks an advertisement was inserted in the local press requesting the unemployed worker to come and register himself. Then five hundred circulars asking the same question were printed at the ratepayers' expense and distributed in different parts of the borough, with the following result: From September 19, 1906, to January 19, 1907, inclusive, only ninety-two persons registered themselves. Of these ninety-two only thirty-two were eligible under the Act! And this is the result of four months' work by the committee, after spending the ratepayers' money "begging and pleading" that the unemployed would make themselves known. Sixteen of the applicants took themselves off the

books; the committee found work for "one" only, and seventy-five still remained on the list. The clerk to the committee said, when I desired to go through the cases, "Oh, you can take it from me that 95 per cent. of these ninety-two applicants are seasonal workers, and out owing to the weather."

Still anxious to discover those men who are going about begging and pleading for work, I drew up a circular-letter and a list of questions, which were sent to every employer in the town of any importance, *e.g.* owners of mills, workshops, foundries, and engineering establishments, contractors, quarry masters, and all the municipal departments employing casual or unskilled labourers. In all, 210 circulars were sent out asking the employer or foreman (a) to note how many persons applied to him for work on Monday morning, January 14, 1907; (b) the number of workpeople in his employ; (c) how many workers he could do with? The number of circulars returned were 144, or, roughly, two-thirds of the number sent out. The number of workpeople engaged by the two-thirds making returns was over 30,000. As the census returns for 1901 give the number as 47,000 employed in the particular industries canvassed, it is interesting to observe that the 144 circulars returned, covering 30,000 workpeople, represent roughly two-thirds of the total number engaged in these industries. The result was as follows:—Applying for work January 14, 1907: Boys, 7; girls, 11; women, 55; men, 137; total, 210. Of this number 36 were taken on, leaving 174 who failed to find suitable occupation. The same employers reported as "wanted": boys, 100; girls, 125; women, 168; men, 85; total, 478. Thus even if the 174 persons who failed to find work on January 14th had done so, there would still have been a deficiency of 304 workers.

Hitherto I have contented myself with pointing out the unfair and illogical position in which the theorist places himself when he attempts from the returns of a small number of trade unionists to generalize upon the condition of the whole community. For example, the greatest number of trade unions which has ever made returns is 272; yet, according to the December issue of the Board of Trade *Labour Gazette* for 1906,

there are 1137 trade unions in this country, with nearly two millions of members. Thus we have nearly 900 unions which make no returns. Further, not only is it unfair and unwise to generalize upon a basis so minute, but I wish to go further, and to say that even the minute returns of the Board of Trade are compiled in such a loose and irregular manner, and from a source so tainted, as to be utterly untrustworthy as data even for those unions making returns.

Those who have studied the chart of Unemployment issued each month by the Board of Trade, must have been struck, like myself, by a strange regularity in its formation. They will have noticed that unemployment decreases from January each year until April, when it runs almost evenly until the holidays commence in August, after which it gradually but surely rises again until the end of the year, only to repeat the same process year after year. It will be observed that the movement of this so-called unemployed chart synchronizes exactly with the condition of the seasonal workers. The question therefore arose in my mind, is this a mere coincidence, or is it because the returns sent in come largely from the seasonal workers? This could only be settled by going to the root of the matter. To do this I called upon a number of trade union secretaries, and received returns from forty separate unions out of a total of fifty-one affiliated with the local trades council. The forty unions had on their unemployed list 249 members belonging to the following trades—

Carpenters	..	..	..	..	..	..	..	..	4
Builders' labourers	..	..	..	..	..	..	..	..	6
Gasworkers and general labourers	..	..	..	..	..	..	..	..	56
Painters and decorators	..	..	..	..	..	..	..	..	65
Plasterers	..	..	..	..	..	..	..	..	5
Bricklayers, London and Manchester branches	..	..	..	..	..	..	..	..	55
All seasonal workers									191
Thirty-four other unions	..	..	..	..	..	..	..	..	58
									249

Thus six unions composed of seasonal workers had more than three times the number of unemployed to be found in thirty-four other unions. One of these thirty-four unions had eleven

members upon its unemployed list. The secretary could not say why these members were unemployed, so I took the last four names upon the list and determined to see for myself. Here is the result :—

A. was a young married woman who had lost her last situation because she would not go early enough in the morning. This case had been specially recommended as worthy.

B. was a young unmarried woman who had given up her last place because she was not earning much. When I called she had been in a new situation one week, though still upon the unemployed list.

C. had a young baby, which she put out to nurse. The nurse had gone to the mill herself, hence the mother had to stay at home until she found another nurse. This she did in a fortnight, and when I called she had been back at her work also one week.

D. had given up her last employment because the material was bad, but she had also been in work four days when I called. Yet all these cases were still figuring upon the unemployed list of this particular trade union, and had it been the last week in the month they would have been reported to the Board of Trade as unemployed. What reliability can be placed upon the Board of Trade returns, when in all probability such faulty registration is taking place in all parts of the country? I stated a short time ago that the source from which these figures are derived is tainted. By this phrase I mean that very many trade union secretaries are avowed and active Socialists, and it is therefore not surprising that these people are not anxious to keep down the figures of which their leaders make such effective but unfair use. Personally, I think the time has come to adopt some other method of compiling these figures, or else we ought to have them frequently examined and corrected by competent authorities, to prevent legislation being founded upon a wrong basis. My next step was to interview a Board of Trade correspondent, who (after binding me not to disclose his name, because, he said, the Board of Trade forbids us to disclose the sources of our information) kindly permitted me to see the

returns which he had just received from a working-class district of over 300,000. Here is a sample of the reports shown to me:—

(i.) “Bricklayers, membership 54. Do not know the number of unemployed exactly; should say about 20.” This is direct evidence that the secretary of this particular union was guessing.

(ii.) “Bricklayers’ labourers, membership 40. All out because of weather.” It will be remembered that we had a heavy fall of snow at the end of last December. Here are 100 per cent. returned as unemployed, yet probably most or all were engaged by the corporation to clear away the snow.

(iii.) “Plasterers, 43; out of work, 8.”

(iv.) “Painters, 261; out of work, 140.”

When reports similar to these are sent in from all parts of the country two things are obvious: First, that the returns do not reflect real unemployment in any sense; and, secondly, that it will take a number of large unions with practically no unemployed to pull down these high percentages to the moderate 4·9 at which the figure stood at the end of December last. This 4·9 is made up almost entirely of trade union members temporarily out of work because of the weather, sickness, or strikes, which no stretch of imagination would permit one to call real unemployment.

Many people have asked me to give what I consider to be a fair estimate. I do so as follows, and the figures are based upon my daily experience and the census returns for 1901:—

From ten years of age upwards we have workers numbering roughly	14,000,000
No unemployed amongst Government officials, farmers, etc.	3,500,000
	<hr/>
	10,500,000

Of these 10½ millions there are:—

3 million seasonal workers with at present an average of 5 per cent. unemployed	150,000
7½ million not seasonal workers at 1 per cent. unemployed ..	75,000
	<hr/>
	225,000

Or a total of 225,000 temporarily unemployed in consequence of strikes, lock-outs, seasonal unemployment, sickness, laziness, and changing from one employer to another.

Besides the absolute necessity that the Board of Trade should adopt some other method to get more correct returns, the cry is imperative that something should be done. The question is, what?

A section of the public pin their faith to labour colonies. They quote Germany, which has during the last twenty-three years, established thirty-three labour colonies capable of accommodating 4000 people. Is the problem solved in Germany? Nothing of the kind! German officials are beginning to realize that "free" labour colonies, like free workhouses, create a colony tramp exactly similar to the English species. Worn out by tramping and alcoholic excess, two out of three of those who applied for admission to these colonies in 1903 (the last year for which I have a report) did so in the autumn. In the spring, when the sun began to shine and the birds to sing, over 6000 out of 10,000 asked to go out, after having obtained a new outfit and been made clean in body and health. This process has to be gone through each winter. Besides the above number, 693 were dismissed for bad behaviour, and 309 for laziness, while 259 decamped with their things. At Bielefeld, out of 10,813 admitted, 53 per cent. were ex-prisoners. The report goes on to add that the—

"Respectable German workman, unless in dire distress, never crosses the threshold of a labour colony; while an employer does not care to take on any man known to have been an inmate of one of these colonies."

From this it is evident that the "free" colony answers no better than a "free" workhouse. Personally, I hope, whether the future gives us a "workhouse" in fact, or a labour colony, that it will give the power of compulsory detention of all persons who persist in living a vagrant's life. In both Germany and Belgium, where it has been tried, the results have undoubtedly been much better; in fact, they could not well be worse.

The future of the seasonal worker must largely depend upon the workmen and their unions. Whatever else we may nationalize, we can hardly hope to nationalize the weather and produce it to order. There are few who, if they were willing,

could not provide for an unemployed grant during seasonal slackness, just as others provide for sickness. For in summer many do, and others could, if they would, work overtime, and this overtime, if used as insurance, would in most cases cover the cost of an unemployed grant for a period of three months in the winter. The difficulty is that in summer many refuse to put in all the time possible, preferring to have a day's idleness or drinking each week. It is a serious mistake to give such men relief either from the rates or charity. If in summer they will not prepare for the winter which they know to be inevitable, then only institutional relief should be given, whether known by the name of workhouse or labour colony. There the man should be made to labour in reality towards the support of his wife and children.

For temporary displacement much might be done by a federation of bureaux. Take the figures for Blackburn on January 14th last. We there find that 174 persons failed to find work, while there were 478 vacancies. Had there been a central bureau for employer and workman, both could have been supplied in the shortest possible time. The real unemployed, whose labour may rightly be regarded as surplus, is the artisan who is displaced from his situation by new inventions or improved machinery. Such men deserve every sympathy and consideration, and where unable to start in business for themselves, or to find other suitable openings, they should receive preference for automatic absorption into any unskilled national or municipal employment, thus forcing the younger generation to seek employment in the newer trades.

I am aware that this would not by any means absorb all; but much more might be done by paying attention to afforestation. The need for the latter is probably as great as are its possibilities. Nearly all authorities agree that the world is fast approaching a timber famine, unless those countries which now import such large quantities of timber make some attempt to reafforest a portion of their waste lands. Woodcraft in England is fast becoming a lost art, as may be realized from the fact that only some 13,000 persons in 1901 were returned as engaged in this

industry. Yet in 1902 evidence was produced before a departmental committee appointed by the Board of Agriculture to the effect that a judicious afforestation of waste lands would provide much employment, and at the same time could be made a good paying concern. For example, it was pointed out that land used as a sheep-run only employed one man, whereas the same land under afforestation would find work for ten men. Further evidence was produced to the effect that land not worth more than 4s. an acre per annum when used for pastoral or agricultural purposes would, under afforestation, yield 38s. an acre per annum. At the present time we import each year from 26 to 30 million pounds' worth of timber from foreign countries, the greater portion of which might be grown at home. A still further advantage is that such a scheme would not compete with any home industry. It is of course impossible, partly because of the enormous expense involved, partly because so long a period would elapse before any return could be realized from this outlay, to do anything upon an heroic scale; but a beginning might be made, with sure hope of ultimate good, by the municipalities in their various catchment areas.

A. MERCER.

INFANT MORTALITY.

IF our socialistic schemes and our philanthropic agencies were reduced to their simplest possible terms, to the simplest terms embracing the greatest possible good to the whole human race, they would be expressed in two words—"mother" and "child." Yet, strange to say, these two significant and important factors in our domestic and national life have been the last and the least regarded. Since the flood of public beneficence set in like a revivifying stream, with the good deeds of such pioneers in social reform as Lord Shaftesbury and Elizabeth Fry, the helpless child and the equally helpless mother have been curiously left out in the calculations and activities of philanthropy. It was accepted as an unalterable law of nature and tradition that the new race born into the world should be reared and tended through its most tender period somehow and in some way; that it was the lot of the mother, no matter what her circumstances and her surroundings, to bring up her offspring without help, and without encouragement, while legislation and benevolence alike stood coldly aloof, until, when the mother's work was supposed to be done, each alike stepped upon the scene to enact laws for the school-child, and ameliorative conditions of life and labour for the child employee. That a mother's work was arduous and important, no one, if directly challenged, would deny. Nay, every one of sense and heart would readily acknowledge its importance. Further than this, though, no one seemed prepared to go. True, there were plenty of moral axioms, and sage generalities, and excellent advice upon the duties of motherhood piously ejaculated from the pulpits, and plentifully sprinkled through our literature. Very severe indeed could the moralist occasionally be when dilating upon the immense responsibilities of the mother; very condemnatory

of the lack of maternal training and discipline lamentably manifested from time to time in police-court records of child depravity and criminality. Because motherhood is at its best a high and noble function, in which every faculty and talent can be honourably and advantageously employed, it was taken for granted that the mere fact of bringing a child into the world dowered the mother—almost in a supernatural fashion—with all the attributes and talents necessary for her office. It seems a matter for regret, however, that the Churches and civilization alike have considered their duty done by a few abstract axioms upon the influence which mothers wield, and the duty of children to obey their parents. They have put forth no practical hand to help; they have been little conscious and little concerned about the individual mother and child, and indifferent to their sufferings and hardships.

But the public conscience has at last been touched. The death-rate among children has become so stupendous as to create a disturbance in men's minds as to the future position of the race; the unheeded suffering of mothers and children has been taken up as an economic question, and the nation is beginning to rouse itself to the fact that the problem of the welfare and the very continuance of the race lies just here. The question of infant mortality has been advanced as one of the most serious of the day—to the socialist, the statesman, the philanthropist, and the citizen. Let me therefore show briefly how things are, and how they might be improved.

It has been found that in England and Wales alone (leaving out Ireland and Scotland, which suffer equally), the annual loss by death of infants *under one year* is 120,000. Of such deaths in London, 500 to 600 infants are accounted for by overlying. London loses each year 146 potential citizens out of every 1000 born. To limit the area a little further, the Medical Health Officer of Kensington returned these startling figures for the year 1905: Of children under five years, in his district, 3,145 died, and this number included 2,642 infants under one year. It is little wonder that, in dealing with these returns, *The Daily Graphic* has recently referred to them as "horrifying statistics."

Now, what are the ostensible causes of such awful wastage of infant life? Dr. George Newman, who has gone carefully into the subject in his book on *Infant Mortality*, tells us that one direct cause of this infant loss lies in the physical condition of the mothers. This cause he puts in the foreground of his statements. The conditions of the mother's life, her general health, her employment, her food, and the sanitary state of her dwelling, all these are of paramount importance as affecting the pre-natal stage of the child's existence. The function of maternity is an extremely serious one, and cannot be properly discharged under depressing and hurtful conditions. To insure the child its birthright of a healthy constitution, the mother's health and well-being should be carefully safeguarded. Yet the conditions under which countless mothers throughout the length and breadth of the land bear children would not be tolerated, to put the matter bluntly, among breeders of stock. Most writers, in dealing with this matter, have overlooked this point. Their contention has been for the proper care and proper nourishment of the infant *after* birth. Doubtless these are very essential agencies. But if the pre-natal conditions have been adverse, the task of rearing the infant is enormously handicapped.

"The fact that 30 per cent. of infant deaths," says Dr. Newman, "are due to immaturity is an indication that infant mortality in the early weeks of life is largely due to the physical conditions of the mother. If infants die within a few hours of birth, or, even if dying later, show unmistakable signs of being unequal to the calls of bare physical existence, there must be something more than the external conditions of food and management which is working to their hurt."

It is impossible, therefore, to separate the mother and the child in working out this problem: we must look to the care of the mother as well as the care of her child. The wretched conditions of life, the unsanitary dwellings, the poor and often insufficient food, the constant strain upon nerve and physique by daily toil, the absence of necessary rest and refreshment to the expectant mother,—these are some of the things which, among working mothers, give us weakly children, and which even the best organized *crèche* system in the world cannot

successfully combat. To quote Dr. Newman again (and his statement is endorsed by other medical men of wide experience), "*Infants of poorer and weaker mothers are difficult to rear, and easily waste even when under fairly favourable conditions, at home or in hospital.*" Here, then, we have our first essential to the health and vigour of our race—the health and vigour of the mothers of the race. Not healthy infants merely, but healthy mothers, must be our objective in this national work.

The second cause to which Dr. Newman ascribes the high infant death-rate is the too early return of the mother to work after childbirth. The iron hand of necessity presses women, both married and unmarried, into the ranks of industrial toil; and, in the case of married women (and of unmarried mothers, too), the birth of a child is regarded as an undesirable impediment, a break in their ordinary course of life, entailing financial outlay and loss of wages. Thus every day after their confinement is grudged which is given to rest and to allow nature time to recuperate; and the mother soon rises, pale, half-nourished, and physically unfit to resume the toil laid down reluctantly a few days earlier. She is not only sapping her own strength, and laying up for herself grievous days of ill-health in the future, but the lot of her helpless child is grievous in the extreme. Brought into the world under such pitiable circumstances, it is, when only a few days old, deprived for long hours at a stretch (if not entirely) of its natural nutriment and of its mother's care. Perhaps a poor little elder sister, who herself has battled through similar hardships, and bears the mark of the conflict in her stunted form and prematurely age-worn countenance, undertakes the mothering. Is there a more melancholy sight in the streets and alleys of our great cities than the figure of a little girl-child carrying a baby too large for the willing, tired arms, burdened with all the responsibilities and sorrows of maternity long before her time?

The third cause Dr. Newman mentions as contributing to child mortality is the obvious one of alcohol. Drunkenness in itself is a fruitful source of poverty, wretchedness, and crime,

and in homes where there are infants or small children, it is these who are the worst sufferers from the evils it entails.

Here, then, briefly, are some of the causes which predispose towards infantile mortality:—maternal conditions both before and after childbirth, and neglect of the child in its early existence, either through the mother's ignorance, carelessness, and industrial occupation, or by her drunkenness. Let me as briefly summarize a few obvious remedies.

First of all, I would put the raising of the status and value of motherhood in the public mind. The task which nature has confided to motherhood, the bringing of a child into the world, with all its attendant risks and pangs, and the rearing and training of this child till it becomes a conscious, self-determining entity, should be, in the light of civilization and Christianity, regarded as the most important and valuable work which women can contribute to the State and to society. Its inexorable conditions, its far-reaching influences should be held in deep and universal respect. And not only so, but womankind should be infused with a new and keener sense of the magnificent possibilities which maternity involves, and of the transcendent issues which the mother's hand can shape in every child that she bears. Here is work, worthy of an angel's powers, entrusted to women; and it is curious that so many women want to compete on equal terms in men's work, and demand the suffrage as if the very salvation of their souls depended upon their obtaining it, while the nation is mourning, like Rachel, for its dead babies, and its living ones that are unmothered and uncared for.

"Whom," asked a lady, of the Emperor Napoleon, "do you consider the greatest woman in the world?" and the answer, though curt, had much truth in it, "She who bears most children, madam."

What is needed is that the best ideals of motherhood should be translated into general esteem for its responsible work, into that reverential attitude with which all heroic acts and all altruistic efforts inspire us. This aspect of the matter is possibly one open to be sneered at as a mere exuberance of sentiment, and

the idea of attempting to train public opinion on the subject may be thought exaggerated and absurd. The fact is, however, as all sensible people upon reflection will admit, that beneath all modes, policies, and manners of life and custom there must needs be a veritable *thought*. It is what we truly know and believe, that shapes our course and determines our actions. Some will, of course, protest that the thought about motherhood in the national estimation is already a very high one. That is true among right-thinking people, and at our highest level of feeling. But that motherhood, as such, has not attained that noble supremacy of esteem to which, by right of its office and influence, it is entitled is plainly manifested in the coarseness of wit and jest and phrase current on the subject. Maternity, and its attendant mysteries, are taken as a legitimate theme for vulgar fun and indelicate allusion. This, I maintain, is entirely wrong. Maternity should take rank with the sacred mysteries of life and death, conscience and eternity, concerning which no wise man argues, and no sane man's tongue wags lightly. I plead, as a fundamental spring of well-being for the race and the community, for a higher respect and reverence for the office of motherhood and the person who performs it.

Arising out of this respect, an improvement in the material conditions and surroundings of mothers would be almost inevitable. What we rate highly we carefully protect. Legislative succour and State money have been spent on far less worthy objects than on the mothers of our race. If I recollect aright, Bellamy, in that wonderful book of his, *Looking Backward*, places the work of mothers on an economic level with all other work done by the individual for the State. And the mothers were paid and maintained throughout the period of bearing and nursing children by the State in the same way as other workers in the socialistic commonwealth. Something of the same sort we want now. We want means at our disposal, and agencies at work to see that the mothers of the new generation, the generation to which the country looks for its future progress and advancement, shall have such material necessities—food, leisure, sanitary houses, and sufficient rest and care during the

trying and exacting period when they are bearing children—as will give mother and child the best possible chance for health and well-being. Thus the ignorance, incompetence, and drunkenness of mothers would find a remedy in the improved public regard and protection of motherhood. Here municipal government should come to the rescue, as in some small measure it has already done in certain towns. In Huddersfield, where the ex-mayor (Mr. Broadbent) took up the matter so earnestly and practically during his term of office, there is a band of lady volunteers who visit every poor home when a baby arrives, to instruct the mother, and show her how to manage and feed the infant. Surprisingly good results have ensued, and the death rate among infants in Huddersfield has dropped from 139 per 1000 to 35 per 1000. Is not this tentative and isolated effort to teach and help the mothers an encouragement to go farther and deeper into the matter, and begin the instruction of girls sooner in the art of mothering? Every girl is a potential mother. But knowledge of a baby and its wants is, of all other subjects, the one sedulously excluded from her curriculum. The last few decades have seen heated wrangles over a girl's right to University teaching and honours, until now almost all professional degrees and distinctions are open to her, on an equal footing with male students. But there is absolutely no provision and training for woman's most important and distinctive work. Most of these girl graduates marry and bear children. But alas! the University-educated mother and the ignorant mother of the slums are about on one level in their knowledge of a baby's wants and proper management. It is a strange fact that the exceptional girl who confesses to an intelligent interest in babies and their hygienic requirements is usually laughed at. A false sense of modesty and of what is proper in this connexion presents an analogy to the cheap and vulgar wit of other classes to which I have before alluded. Will the day ever come, I wonder, when our girl students will be proud of taking a scholarship in infantology or the science of baby-rearing?

As to drunkenness as a cause of infant mortality, I do not

propose to say anything here. The evil consequences of this vice, as it affects mothers and their infants, are very obvious. Temperance workers and reformers have a wide field here for usefulness, and the inculcation of sobriety upon mothers could not be too strongly insisted upon.

Before proceeding to discuss the needs of the baby, I would summarize thus my preceding remarks. We want a higher, purer, nobler idea of the office of motherhood. We want State money allocated to relieve the more pressing material disadvantages under which mothers at present bear and rear children. We want definite practical instruction to all girls in the art of mothering: girls should be taught how to dress and feed a baby just as they are taught to sew or to cook. And we want a stronger and more determined campaign against the drink curse of our land.

Now to come to the child itself. We may take it as a well-established truth that the first few weeks of an infant's life largely determine its healthfulness, or the reverse. An experienced maternity nurse gave it always as her opinion that if during the *first month* a baby got "a good start," it would do well. And in my experience with my own children I have been much impressed with the gratifying results of giving them "a good start" at the beginning. But what chance—except a bad one—can the baby have whose mother is compelled to rise a few days after her confinement to the industrial treadmill of factory or workshop? Deprived of its natural nurse and its natural nourishment, how is the child to get that scrupulosity of cleanliness and nicety of proportion upon which an infant's digestion depends in its artificial feeding? In countless homes, to talk of such matters as nicety of proportion and scrupulous cleansing of bottles would seem a sorry farce, in view of the semi-starvation from which all the family suffer; and happy indeed is the child who gets "bite and sup" of what is going. Weak tea and bread, or the bluest of skim milk, diluted—save the mark!—with water, forms the baby's staple diet. No wonder that intestinal troubles, pulmonary complaints, and diarrhoea prevail, and carry off such large numbers of babies

annually. Even in cases where the mother is not engaged all day away from home, the dire effects of poverty may manifest themselves in the mother's delicacy and inability to suckle her child. Take for example the Report for 1905 of the Medical Health Officer for the royal borough of Kensington. He writes—

“A distressing element of the work is the poverty, which during the lying-in period reduces the mother to a state of destitution, rendering it impossible for her properly to nourish her infant in the natural way. I think I must have seen quite fifty mothers (remember this is in Kensington alone) who, I have every reason to believe, were in a state of dire need, with their babies a few days old lying beside them.”

The same report considers that “the malnutrition of the nursing mother is the principal cause of the malnutrition of the infant.” Is comment necessary here? If such facts in themselves do not touch the national and individual conscience, comment will not avail.

As far as the baby is concerned, then, the authorities should have it in their power to supplement what the poverty of the mother lacks for the feeding of her offspring. If the babies born to the nation are a valuable asset in the wealth of the country, in cases where necessity arises it would surely be sound statesmanship and sound economy to feed those future citizens. The *crèche* system, as established in France, goes a long way in this direction. There is a demand now for free meals for school-children. It would be wiser to begin a little earlier, and provide supplies of pure milk for the babies, who, if neglected, never grow into the school-children for whom such good things are in store. For the past twelve months Dr. Arkle has been making an examination of the school-children of Liverpool—comparing the poorer class of children attending the council schools with those of better-class parents attending the secondary schools. The results of his investigations are, to say the least, interesting, and ought to be instructive. Each child had his chest, eyes, ears, throat, and teeth examined, while the schoolmaster was asked to give notes from personal observation of his intelligence, and of the nature

of his home surroundings. Altogether 2477 boys and girls were carefully examined and measured, and it was marvellous what a difference Dr. Arkle found between children of the same ages, both as regards height, weight, and general strength, and intelligence, belonging to different classes. The children whose parents were well-to-do and had comfortable homes were better developed, taller, and heavier than the children of the unemployed or casual-labourer class. These differences are due, Dr. Arkle points out, to underfeeding and neglect. "What is the use," he pertinently asks, "of educating these children, whose bodies and minds are absolutely unable to benefit by it?" If we want to prevent the physical deterioration of the race we must begin, not with the school-child, but with the infant. The Huddersfield tactics commend themselves to universal adoption. We want properly organized agencies established in every district to inquire into the state and condition of every newly born baby and its mother. The doctor's report and the visitor's observation would determine what succour and material aid were required; while something is sadly needed in the way of statutory enactment to prevent the mother from engaging in industrial employment for a certain period both before and after childbirth, with some compensation for her during such time, either from her employer or from the State. In Germany some such methods are in operation. A maternity fund is established in all large factories and industrial concerns, to which both employer and employees contribute, and from which a weekly grant is made to working mothers for a certain time after confinement.

In short, if we are in earnest concerning this problem of infant mortality, if we do not wish our race to dwindle and deteriorate because of our culpable carelessness and apathy, prompt and strenuous measures must be taken to safeguard the mother and protect the infant. It seems somewhat remarkable, and is, I trust, an augury of a better time approaching, that, as I write, the daily press contains a preliminary announcement of a projected *Women's National Health Association* for Ireland, made by Her Excellency the Countess of Aberdeen. Among

the health problems to be considered by the association are the following :—

(1) How to combat the causes leading to an infantile mortality which, according to the Registrar's latest figures, carries off 95 out of every 1000 children born in Ireland under the age of one year.

(2) How the system of providing and distributing milk can be controlled with a view to the health of infants and of the community at large.

An association of this sort, if taken up energetically and pursued on wise and comprehensive lines, would be capable of doing incalculable good, and it is to be earnestly hoped that Her Excellency's movement will be taken up by Irish women with the enthusiasm, and meet with the success which its humane and sensible provisions deserve. It would be a matter of congratulation should Ireland—in many respects, and in the opinion of many, an unfortunate and unhappy country—be found doing pioneer work in this great national cause.

I had intended to notice the far-reaching changes in poor-law administration in Ireland advocated by the recent Commission appointed to inquire into its working, in so far as they effected infant life and health, but my space grows limited. I may just mention, however, that the reforms advocated as regards mothers and their infants (particularly unmarried mothers) are humane, and calculated to befriend and succour these helpless creatures in their time of sorest need. And I shall content myself by quoting the following recommendations as embodied in the Report of the Commission :—

“To close the 159 workhouses in Ireland as such, but not to reduce the number of local hospitals.

“That no dispensary district should be *without competent midwifery attendance in addition to that of the dispensary medical doctor.*

“A State medical service should be established, and the cost thereof voted by Parliament.

“Unmarried mothers should be sent to institutions under religious or philanthropic management or to ‘labour houses,’ and be kept apart from other classes.

“The question should be considered whether a law ought not to be

passed enabling unmarried mothers to proceed in their own name against the putative fathers of their children, and obtain affiliation orders.

"Infants should be placed in 'nurseries,' either under religious or philanthropic management, or, when disused workhouses are used, under poor-law control.

"Destitute respectable widows with only one legitimate child should be eligible for outdoor relief.

"The cost of maintenance of boarded-out children between infancy and maximum limit of age should be a union charge.

"The expenditure on aged, sick, infirm lunatics, infants, and unmarried mothers in institutions should be defrayed out of a county-at-large rate."

L. A. M. PRIESTLEY McCracken.

NOTES AND MEMORANDA.

THE WAR AGAINST ABSINTHE ON THE CONTINENT.—The “*Fée verte*”—green fairy—as Frenchmen call the liquor absinthe, sees its reign coming to an end in several countries of the Continent. The name of sorceress would be better chosen for that awful liquor, whose witchcraft is bringing illness, ruin, and dishonour to thousands of men, especially in the French-speaking lands. When people are bound by its spell, they become enslaved as perhaps by no other alcoholic drink. Indeed, absinthiated spirits must have been the magic beverages given by Circe to the companions of Ulysses, in order to metamorphose them into beasts.

The liquor absinthe is made of alcohol, with the essence of a plant called wormwood, or *Artemisia absinthium*, which is grown chiefly in the mountains of Jura on the borders of France and Switzerland, especially in the Val-de-Travers (canton of Neuchâtel). The liquor has a nice taste, and, when diluted with water, is very refreshing. It is all the more treacherous : little by little the dose is increased, and the body gets slowly used to the pernicious poison. This drink is the more dangerous because it is usually taken fasting, as an *apéritif* before meals.

The evil of intoxication through absinthe has been growing rapidly both in France and in the French-speaking cantons of Switzerland ; in late years the plague has entered Belgium, especially in the towns on the French frontier. The anti-absinthe war is following the contrary direction, beginning in the last country invaded by that great enemy of the people.

In Belgium the struggle was much easier to begin, because there were no important commercial interests engaged in the absinthe trade, and also because the consumption was relatively small. The question was one of prevention, not cure, and that is always less difficult. On February 23, 1906, the Belgian Parliament voted unanimously in favour of a bill in the following terms : “The manufacture, transport, sale, and importation of absinthiated spirits are forbidden under a penalty of 26 to 500 francs, and eight days’ to six months’ imprisonment.”

The Belgian Chambers have set an example to the Continent. That law is the first measure towards prohibition of alcohol. Temperance is going ahead in Belgium. Public opinion is beginning to be stirred by the temperance societies. During the last ten years the consumption of alcoholic drinks has decreased from $2\frac{1}{2}$ to $1\frac{1}{2}$ gallons per head of population. The deputies now dare to look in the face of the monster, surrounded by its body-guard of 206,000 publicans with their staff of brewers and distillers. We hope that this successful skirmish will encourage the legislators to join decisive battle with their enemy.

The second victory was won in the canton of Vaud (Switzerland). There the struggle was not so easy. On May 10, 1906, the "Grand Conseil," the legislative body of the small republic, voted by 126 to 44 votes in favour of a law forbidding the sale of absinthe. The bill was proposed because the peaceful village of Commugn had been upset by a dreadful crime: a drinker of absinthe had, in a fit of *delirium tremens*, killed his wife and children. That tragedy was a salutary warning, and shook the public indifference.

The law forbids only the retail sale of absinthiated spirits (less than $8\frac{1}{2}$ gallons) from January 1, 1907; it says nothing about the manufacture or consumption of the liquor. One cannot suppose that the distillers would distribute their product gratuitously for the wealth and health of suffering humanity! But the distillers were greatly hurt by the law; the 300,000 inhabitants of the canton of Vaud were drinking yearly £28,000 worth of absinthiated liquors. They began to speak and to bribe; one of them said, "With money, it is easy to get 50,000 signatures." Six thousand names are required by the Constitution in order to submit a new law to the *referendum*. With the help of the publicans, the distillers gathered 14,000 signatures. In consequence, the citizens were summoned to the ballot-box on the 23rd of September, in order to accept or refuse the law voted by the Grand Conseil.

On the side of the public poisoners and on the side of the friends of the people great endeavours were made. The distillers of the Val-de-Travers published a pamphlet entitled, *An Appeal to the Common-sense and Reason of the Swiss People, by the Union of the Interested Parties of the Val-de-Travers*. The great argument was that the new measure was inspired by the pastors, and was only the forerunner of prohibitive laws against wine, the chief agricultural product of the canton de Vaud. The good *intéressés* said also that the law was contrary to the right of liberty and to the moral education of the people. Strange defenders of free will! they are selling a poison whose effect is to enslave men and make them unconscious automata.

"No outside compulsion," they said, "no teaching of morals by laws, but personal education is the true way of social progress." Queer educators of the people! their trade is nowadays the strongest power of demoralization.

This solicitude in favour of liberty and popular education was wholly wasted: the voters preferred listening to the pastors, professors, doctors, surgeons, and statesmen, who in great numbers spoke at public meetings, wrote in newspapers, and endeavoured by all means to enlighten their fellow-citizens. To the question, "Do you maintain the law against absinthe?" 23,062 answered "Yes," and 16,032 "No," making a majority of more than 7000.

The movement has been spreading in Switzerland. The Grand Conseil of Geneva is studying the question. In that small republic, 110,000 gallons of absinthiated spirits are drunk each year, or 27,000 glasses per day. The expense is about £78,840. The public-house keepers themselves were consulted: 487 among 737 declared that they did not object to the prohibition of absinthe. A bill will be introduced to this effect at the beginning of 1907.

A committee is collecting supporters in all the cantons in Switzerland, in order to revise article 32 of the Swiss Constitution, and to forbid the manufacture, importation, transport, and sale of absinthe of all kinds, and of every imitation of absinthiated liquors under whatever name. When fifty thousand citizens propose a bill, it must be discussed by the Federal Assembly. In all parts of the country, the petitions are quickly signed. In some places all the electors, without exception, have signed. By February 2, 1907, 167,814 signatures had been collected, a number never before obtained for any *referendum* in Switzerland.

The distillers have already appealed to the highest Court of Justice in Switzerland, the "Tribunal Fédéral." Sixteen absinthe manufacturers, ten Swiss and six Frenchmen, argued that the law voted in the canton of Vaud was unconstitutional, contrary to the treaties between France and Switzerland, and "a violation of the liberty of trade and industry." The Tribunal, in its sitting of September 28th, decided not to grant the petition. We hope that the Federal Chambers will be of the same mind, and free all honest Swiss citizens from the shame of seeing absinthe advertised all over the world with the white cross of the Confederation.

The next battlefield will be France. But there the victory is still distant, for the battle is not even yet begun, and God alone knows when it will be started. In France, the consumption of absinthiated spirits has increased fearfully during the last fifteen years. In 1890, absinthe

accounted for one-sixteenth of the amount of alcoholic drink ; in 1905, for one-seventh. In 1890, statistics showed a consumption of 2,315,676 gallons, and in 1905, of 4,421,494 gallons. These figures refer to alcohol at 100°; that makes at least 8,000,000 gallons of drinkable liquors ; it is nearly 1 litre, or 0·22 gallon for each inhabitant, women and children included.

The French medical authorities are overwhelmed by this slow but sure poisoning of the population. The race is degenerating ; the stature of men is lessening ; in some places soldiers up to standard height are difficult to find ; the minimum height in the army had to be lowered. Absinthism is much more pernicious than alcoholism ; its influence on the brain is particularly bad. In the last thirty years the number of lunatics has increased threefold. In Paris, at the hospital where such cases are specially nursed, statistics show 9 out of 10 are due to absinthe poisoning.

Among many others, Dr. Daremberg has been lately sounding an alarm. He proposes to check the plague by means of fiscal measures ; the duties on all liquors made with essences should be doubled. A few weeks ago, M. Jacquet proposed to the *Société Médicale des Hôpitaux de Paris* the following resolution, which was unanimously carried : "The Hospital Medical Society declares once more that absinthe is one of the chief causes of decay and mortality, and urges the public authorities to forbid the manufacture and sale of that liquor." The Congress of Hygiene, assembled at Nancy, voted the following resolution : "That the sale of absinthe be forbidden in France and in the French colonies."

For a long time, at any rate, we cannot expect any active intervention of the French Government. Public opinion, as a whole, is not yet stirred ; the distilleries and publicans are still too powerful as electoral agents. The deputies and senators would not dare to touch the revenues of these "honest traders." Lately, a temperance group has been founded by members of the Chamber. M. Clemenceau has received a deputation from them very favourably ; but the minister of finance, M. Caillaux, declared that measures against absinthe would endanger public finance. When will the days come when in France also absinthe shall agree with its Greek etymology, *apsinthion*—"the liquor which it is impossible to drink" ?

H. ANET.

LICENSING IN NORWAY.—No feature in the recent history of the temperance movement offers a better promise of eventual success in dealing with our most serious national problem than the various

scientific and dispassionate investigations into the actual working, both in Great Britain and in other countries, of the laws which regulate or restrain the sale of intoxicants. Chief among these investigations, of course, are those of Messrs. Rowntree and Sherwell, which have caused a profound change in the opinions of social reformers. Similar in aim and method is the *Report of the Commission appointed to enquire into the Liquor Licensing Laws of Norway* by the Scottish Temperance Legislative Board. The four Commissioners—Professor Seth, Mr. J. Cowan, Mr. J. Mann, and Mr. H. Munro Ferguson—visited Norway, spent some time travelling in the country, interviewed and questioned all sorts of persons, and have digested the information thus gathered into a most interesting volume.¹

"Within the last half-century," so runs the first paragraph, "Norway has been transformed from one of the most drunken of European nations into one of the most sober;" and they trace this change, apart from the general advance in education, to two main causes: "(1) the growth of a strong temperance sentiment, which, while present in all sections of the community, is most powerful in its earnestness and intensity among the working-classes; and (2) progressive temperance legislation, under which the people are invested with powers of local control, with considerable latitude in the choice of means of control."

This progressive legislation advanced by four clearly marked stages. Up to 1845 free distilleries and free trade in spirits prevailed; there were 9727 stills in 1833, and 21 in 1899. An Act of 1845 established retail licences in the towns, and gave local authorities in rural districts power to prohibit the sale of spirits. In 1871 the "Disinterested Company" or "Samlag" system was instituted for towns, municipal councils obtaining powers to grant all retail spirit licences to a company, "which would bind itself to carry on the traffic in the interest of the community, with a fixed annual return on its paid-up capital." Finally, in 1894, the Local Option law, giving the alternatives of Samlag and Prohibition, was extended to the towns.

All this legislation, it must be remembered, applied only to spirits, beer and wine being regarded as temperance drinks; but some restrictions are now imposed, e.g. the bar trade requires a licence, to which the local authority may attach conditions, and in some rural districts even this licence is refused. So we find four systems in operation at the same time in Norway: prohibition of all intoxicants except small beer in some rural districts; spirit prohibition in other rural districts

¹ Published by the Scottish Temperance Legislative Board, 10, Alleyn Place, Edinburgh; and the Temperance Legislation League, Parliament Mansions, Victoria Street, S.W.

and in most of the smaller towns ; "disinterested company" sale of spirits and private licence sale of beer and wine in the larger towns ; and private licence in the only big city—Christiania.

How do these systems work ? The Scotch Commission reports that they all work well except the last, which happens to be the system which prevails in Great Britain. In rural districts "the results of this policy of prohibition appear to be satisfactory, and no one thinks of making a change." But the experience of the country districts has little interest for Englishmen, since a population of 1,700,000 occupies an area larger than the British Isles, and many of the "towns" would be called villages in England. It is, therefore, with the working of the Samlag or "disinterested management" system in the towns that the Report is chiefly concerned. Much prejudice has been excited against the system by references to Gothenburg and Sweden. In Sweden the profits of the company go to relieve the rates, thus giving the ratepayers "a very tangible interest in the liquor traffic ;" but in Norway the State now takes most of the profit, only leaving to the municipality a percentage in lieu of the abolished licence duties, so that the stimulus of private profit is as far as possible eliminated. On the actual working of the system the four Commissioners pronounce the most favourable verdict ; Norwegian opinion of all classes is "overwhelmingly convincing in its approval," those "who know the system best, who have lived under it, approve it most." To take actual facts, showing that the Samlag is really disinterested, we find that : (1) it has voluntarily raised the age-limit for customers by two years ; (2) it has curtailed the hours of sale, often by four hours a day, and sometimes closes its bars during the dinner hour ; (3) it refuses credit ; and (4) in some towns it has restricted sales by raising prices and limiting the number of drams sold to each person. Finally, the managers have a fixed salary, and obtain no commission from the sale of spirit, although they may obtain it from the sale of food and non-intoxicants. How great a contrast to our own system in England, where the publican is bound to keep open as long as the law permits, seldom offers you a meal, and knows only too well that he will lose his place if his sales of beer and spirits fall off ! And yet there are prominent teetotallers in this country who are working strenuously to prevent even an experimental substitution of the Norwegian for the English system. Incidentally, of course, the Samlags have maintained a high quality of liquor, in itself no small gain, for, I am told, in the case of the worst kinds of drunkenness, crimes of violence commonly follow the drinking of crude immature spirits, full of fusel oil, such as are often sold to sailors.

But Samlags do not exist in all towns. Under the Local Option law of 1894, voting took place in fifty-one towns between 1895 and 1899, with the result that twenty-six Samlags were suppressed; but seven of these were re-established at the next poll, and there are now thirty-one towns under Samlag. One of these, Christiania, has thirty private licences as well, and so must be omitted from all comparisons, but the remaining thirty have a population of 278,000, while the twenty-seven Prohibition towns have only 115,000, showing that "it is abundantly evident that Prohibition is acceptable to the smaller communities alone." One large town, it is true, adopted Prohibition in 1896, but with disastrous results; for in this town (Stavanger, with a population of 34,000) the arrests for drunkenness averaged 15.6 per 1000 for the years 1892-1896, and rose to 36.8 for the next five years; and the Chief Constable reports that "it is impossible to prevent the illegal sale of spirituous liquors." Statistics of such arrests must always be received with caution, and should never be made the sole basis of any argument, but this increase after Prohibition is extremely significant, as are the frequent arrests, varying from 111 to 43 per 1000 in Christiania, where private licence still continues.

In temperance, as in all social problems, economics cannot be neglected, and the effect of taxation on drinking soon becomes obvious. We learn from this Report that successive increases in the licence duties not only reduced the number of licences, but also lessened the difficulties of compensation. English social reformers would do well to grasp this fact and to urge upon the Chancellor of the Exchequer an imitation of Norwegian methods. Direct taxation had an equally good effect; increased duties on the stronger wines imposed in 1904 reduced the imports by one-half. Professor Seth says that the Government is expected to deal with the question of beer "by imposing a relatively high licence duty on beershops, thereby abolishing the least desirable."

J. E. ALLEN.

THE STUDY OF SOCIAL SCIENCE IN LIVERPOOL.—The founding of the School of Social Science at the Liverpool University marks the first attempt to form a centre for the study of that subject outside London, where are the only two other centres—the London School of Economics and the School of Sociology and of Social Economics. The former has a lectureship in sociology and is affiliated to the London University.

The Liverpool school, which was started in January, 1905, is now completing its third year. The purpose with which it has been

founded is threefold. The first of these is the provision of a course of training for men and women intending to take up social work as a career. A scheme of training has been drawn up, consisting of lectures and of practical work. The latter can be undertaken at the two settlements which have been established in Liverpool—the Victoria Settlement for Women, which has been in existence for some years; and the University Settlement for Men, which is a growth of the past six months. The close relationship which exists between these two settlements and the school has tended much to the success of the latter. The women's settlement sends many of its workers to the lectures, and has made a joint arrangement with the school by means of which the annual studentship which the settlement possesses grants the holder free admission to the lecture course at the school.

The lecturers at the school are drawn largely from the staff of the university, with the addition of certain special lecturers from outside; while for some of the classes which are held, municipal and poor-law officers give their assistance.

The general lecture course is for one year, with a further optional course for the second year. The following are the subjects upon which courses of lectures are given:—social ethics; social economics; history and administration of local government; history and administration of the poor law; history and administration of the factory laws; and administration of charity. The second year's course includes the following:—social and economic difficulties; analysis of urban life and social forces; and work amongst children. The full course is not, however, taken by all the students. It is permissible to take single courses; and those who are interested in one particular subject, and take that course only, form a considerable proportion of the attendance at the lectures.

The second purpose of the school is to undertake research work by making investigations into local industrial and social conditions. In this department the school has recently concluded an inquiry into the "methods of obtaining employment in Liverpool," which will shortly be published. Allusion may here be made to the work of an old student, who, during the last winter, was engaged upon an inquiry into the circumstances of certain school-children in connexion with a local scheme for giving meals to underfed children.

To provide a centre at the university for the higher study of the various branches of social economics and of social science, may be set down as the third purpose of the school. The students work under the general direction of the tutors, and are encouraged to specialize

on a particular subject. But little work has, however, as yet been done in this department.

During the last summer the preliminary arrangements were made for the development of a new feature in the work of the school—a summer meeting. This it is proposed to hold annually for a fortnight in July, for the purpose of giving a practical introduction to the study of the social problem in its various aspects. It is an attempt to meet the growing interest which is being felt throughout the country in social problems by affording an opportunity for some acquaintance with the subject such as might be obtained by a fortnight's stay in a large industrial and commercial centre. For this purpose Liverpool is peculiarly well adapted. Next to the metropolis it is the largest city in England. Its docks supply an acute casual labour problem. On the other hand, it is not too large to be treated as a whole, nor so complicated as to bewilder the student. The arrangement of the meeting consists of lectures in the forenoons, visits in the afternoons to the various public institutions and places of interest to the social student in the town, and two or three evening meetings.

Such is in brief outline the purpose and the work of the school. Judging from the number of students—sixty-seven the first year and sixty-three the second—the school seems to have justified its existence. As the school develops out of its present somewhat embryonic condition, takes up its definite position in the educational world, and becomes more widely known, it and similar schools will receive far more general attention.

There are three groups of people whom the work of such schools concerns. They are the social student, the social worker, and the public administrator.

The first group is at present small. The term is only intended to include those who are devoting themselves to the special study of the subject. The increasing importance of the subject has of late years increased the group, and, should the movement for the establishment of schools of social science develop, the number will be considerably augmented.

The second group—that of the social worker—is far larger, and embraces many different types of workers. Among this group two important tendencies are noticeable. One is the recognition of the necessity for social study on the part of the worker, if the social work is to be adequate. To this the formation of various social problem circles and reading groups, now widely springing up, bears witness. The second tendency is a demand for the trained and skilled worker,

for whom there are at present more posts vacant than there are qualified candidates to fill them.

For the third group the value of the school lies rather in the future, though not improbably the near future. Those who are engaged in public work, whether as officials or as elected representatives, whether occupied in local or in national administration, need to be competent and skilled in their respective subjects if public administration is to be efficient. The administrator of the West Ham guardian type will not much longer be tolerated. Nor would it be unreasonable to expect from candidates for public life, whether as local councillors, guardians, school managers, or even in the higher office of members of Parliament, some qualifications as to their knowledge of the subjects the administration of which they are anxious to undertake. Opportunities for obtaining the necessary qualifications, so far as they can be acquired, are likely to be made use of by younger men and women who look forward to future public work.

One department of social science—that devoted to research—lies particularly within the scope of such schools. Investigation work has at present received but slight attention in proportion to its importance, apart from the monumental work of Mr. Charles Booth's London inquiry, and several scattered pieces of investigation into social and industrial conditions which have been undertaken in different towns. A series of inquiries such as that of Mr. Booth need to be made in all the large towns, and to be undertaken systematically on a co-ordinated plan, so far as is possible, to give them full value for purposes of comparison. For undertaking this work the local school of social science forms a fitting centre.

One final point of interest the work of the Liverpool school has revealed. It is the value of close alliance with a settlement. The two are complementary—each needing the other. The school supplies the opportunity for study required by the social workers which a settlement collects. The settlement supplies the opportunity of practical experience in social problems, without which the theoretic knowledge is robbed of much of its worth. Further, the settlement becomes the fitting residence of the specialist in social science, and of the investigator. For the former it is his laboratory, and for the latter it points out the necessary fields for investigation. The settlement and the school together form one whole. The value of this alliance has been recognized by the London School of Sociology in its arrangements with the University Settlement for Women in Southwark. This relation it is important to bear in mind in

deciding upon the establishment of these schools in other places. The most suitable situation for such schools is a large centre of population, more especially one which possesses a university. In London and Liverpool, where these conditions exist, schools have now been formed. In Birmingham a movement in this direction is taking place. Manchester, Leeds, and Sheffield have not yet taken action. It is this fact, again, which renders the older universities unfitted for the formation of these schools. Both Oxford and Cambridge find their nearest settlements in London—fifty miles away. The practical drawback of this was obvious in the lack of reality attending a debate recently held in the latter university, when the writer was present. One or two alone realized the issues involved in the discussion, and subsequent inquiry revealed that these speakers had been engaged in settlement work. This drawback might be overcome by the granting of post-graduate scholarships from these universities tenable at one or other of the university settlements. How far and in what directions development awaits the schools of social science must, however, be left to the future to decide.

F. G. D'AETH.

CO-PARTNERSHIP IN HOUSING.—In the *Economic Review* for January, 1906, there appeared an article on the co-partnership housing movement. Readers of the *Review* were there informed that the two or three co-partnership tenants' societies, the success of which prompted the extension of the movement, had, in conjunction with a few individual supporters, formed the Co-partnership Tenants' Housing Council, to act as a central propagandist and advisory organization to this new movement, and that on July 25, 1905, the first annual meeting of the council was held. It may be of interest to the readers of the *Review* to know what progress has been made since.

With regard to the societies mentioned in that article as being established, the Tenant Co-operators, established in 1888, having property to the value of £28,680, has not undertaken any fresh developments.

The Ealing Tenants Ltd. has continued its building operations on the land purchased some four years ago, and at the present time has about 112 houses completed. The following figures show its progress in capital and property :—

	Members.	Share capital.	Loan stock.	Property.
		£	£	£
January 1, 1903	59	1442	2,366	10,237
" 1904	83	2590	3,915	17,306
" 1905	120	4048	7,642	26,840
" 1906	145	5882	8,579	36,765
" 1907	171	8926	13,935	53,912

The property now includes a valuable site of about sixteen acres of freehold land, which the society has recently succeeded in acquiring on the eastern side of its first estate, and it has, since the above figures were prepared, secured a further site on the north side of about fifteen acres, making thirty-one acres in all of land which the society proposes to develop at once. Plans for laying out the estate have been prepared by Mr. Raymond Unwin, and when completed the whole estate will be another valuable example of ordered and rational planning of housing estates. In all, just under 400 houses will be built on the thirty-one acres, which will make a total of 500 built by the society. Provision is being made for four or five small playing spaces, such as tennis-courts, for the different groups of houses, and there will be one fairly large piece of nearly five acres arranged as a recreation-ground for the tenants on the estate.

This extension will cost considerably over £100,000; but as in the past, when it was without fame or experience, the society has had little or no difficulty in securing from investors all over the country sufficient capital to enable it to get to its present stage of possessing over £50,000 worth of property, it should, now that it has proved its commercial soundness, be able to raise the further capital required.

Social and recreative life on the estate is well organized by the tenants, and the active spirits are looking forward hopefully to greater possibilities in this direction which the extension offers.

The next society in order of size is the Garden City Tenants Ltd., Letchworth, Herts. This society started building in May, 1905, and at the end of January, 1907, had completed 131 houses. The following figures show what progress has been made since the last article appeared :—

	Members.	Share capital.	Loan stock.	Property.
		£	£	£
July, 1905	16	295	325	—
" 1906	93	5,114	6,451	23,000
January, 1907	111	6,126	17,851	37,670

The following list of weekly rentals of the 131 houses may be of interest :—

s.	d.				s.	d.				s.	d.
1	at	3	9	..	..	2	at	5	9	..	..
6	"	4	6	..	..	23	"	6	0	..	..
4	"	4	9	..	..	5	"	6	3	..	..
7	"	5	0	..	..	12	"	6	6	..	..
2	"	5	3	..	..	21	"	7	0	..	..
7	"	5	6	..	..	2	"	7	3	..	..
7 varying from 9s. to 15s. 6d.=£4 3s. 1d. Total weekly rental on 131 houses,											
£44 12s. 10d.											

Most of these houses go to make up three groups, known as Eastholm Green, Westholm Green, and Birds' Hill, and are nicely arranged, with good gardens varying in size to each house, and provision for common playing-ground.

In January, 1907, a start was made in the fourth group or estate, known as Pixmore Hill. On this, just over thirteen acres in extent, it is proposed to erect 168 houses, fifty of which at the time of writing are in hand, although none are quite finished, and thirty-four of which are let. The society hopes to get about a hundred of these completed during the present year. The society has declared 5 per cent. on shares for the past year, and is raising further capital for its extension.

The Sevenoaks Tenants Ltd. has not had quite the same scope in the matter of land as the Ealing and Letchworth societies, but it has made considerable progress, as the following figures show :—

Commenced 1903. Capital at start, £700.

	Members.	Share capital.	Loan stock.	Property.
July, 1906	46	£ 939	£ 3,164	£ 10,950
January, 1907	60	1,200	3,500	13,500

This year sees the Hampstead Tenants Ltd. launched. The society has been fortunate in securing as members of its board Sir John Dickson-Poynder, M.P., and Mr. Philip Morrell, M.P., who served last session on the Select Committee on Housing appointed by the Government. Land is being leased from the Hampstead Suburb Trust, of which the Right Hon. Alfred Lyttelton, M.P., is president, and the formation of which was due to the energy of Mrs. Barnett.

If the invitation to subscribe capital is well responded to—as with

such splendid chances of commercial success it should be—then the Hampstead Tenants Ltd. will be the largest co-partnership tenants' venture in hand. In this case it will certainly not be a case of the society looking for tenants. There is evidence already that there will be too many tenants looking for the society. It is intended that, if capital permits, the society shall build some five or six hundred houses.

Besides these societies, there are others in various parts of the country, the following having begun building operations, or having acquired land for the purpose : Bournville, Manchester, Fallings Park (Wolverhampton); whilst the following societies have been registered : Anchor Tenants (Leicester), Beaconhill Builders (Hindhead), Bromley, Oldham, Brighton. Societies are also in formation at Broadmeadow (Birmingham), and Warrington.

HENRY VIVIAN.

CURRENT ECONOMIC PERIODICALS.—In the *Political Science Quarterly* for September, 1906, Professor W. Z. Ripley has an article discussing economic waste in transportation. In particular he criticizes the principle that distance is a relatively unimportant element in rate-making. In the same issue several interesting labour questions are discussed by Mr. E. E. Groat. He traces the American movement for an eight-hours day from 1867, when the National Labour Union Convention met, until the present time; he discusses also the "fair wage" question, and the length of the working-day in regard to American conditions. Another article in the same number by Professor J. A. Fairlie is of considerable interest to students of municipal government in the States. The municipal codes of several of the middle West States are studied comparatively with most interesting results; some of the codes are quoted verbatim.

In the December number, Professor Sinkhowicz has an article analyzing the economic position of the Russian peasant, drawing his information principally from official sources. It is impossible to avoid accepting his conclusion that famine and consequent disaffection are inevitable in the present *régime* of exploitation by the official and land-owning classes; the imperial estates are some of the worst offenders. Were it not for the evidence quoted, some of his statements would seem incredible. In the same issue the rebuilding of San Francisco is criticized by Mr. Devine in regard to the poorer section of the community. The Charity Organization point of view is taken throughout, and the criticism deserves careful consideration.

The *Revue Sociale Catholique* for December, 1906, contains a careful account by M. Pollet of the recent lock-out at Verviers.

L'Association Catholique.—The issue of November 15 contains the concluding article of the series by M. E. Duthoit on "Women's Work in Industry." He shows clearly the absolute necessity for regulating the hours and kind of work as well as the moral and hygienic conditions.

The *Journal of Political Economy* for November contains three articles dealing with the regulation of monopolies. Mr. J. Russell Smith discusses freight wars between steamship companies, and examines the various means which have been adopted to obviate them. Mr. A. W. Spencer deals with the questions of regulating public service companies by a limitation of their capitals; and Mr. Hugo B. Meyer writes on "Municipal Ownership in Germany," and its influence upon the development of street-railways and electric lighting.

Revue du Christianisme Social.—An article by M. Henri Roehrich, in the December number, expounds the attitude prescribed by the teachings of Christianity towards labour questions, and another by M. Harnack states the apostolic and early Christian teaching in regard to the right to work and kindred questions. A third article by M. Meynier on "l'Etat et les Maux Sociaux" deals with the regulations of hours and conditions of work, especially women's work, as well as with more definite social evils.

THE ECONOMIC POSITION.

I. THE MONETARY CRISIS (*continued from page 97*).

January 2, 1907.—New York exchange rises violently to 4·8575. This figure prevents any possibility of gold imports into New York. The rise is ascribed to dividend payments on American securities held to an abnormal extent in London.

January 6.—American railway stocks begin to fall. The causes of this fall are complex, but the monetary stringency is a potent influence. All large industrial organizations are continually in need of fresh capital to carry on current improvements, and this is particularly the case in American railroads, which have to contend with a volume of traffic vastly greater than that originally contemplated. When the money market becomes clogged, and the value of new capital rises, the organizations become subject to severe internal strain. Current obligations, of course, at whatever cost, have to be met; but even when this has been done, staffs have to be reduced, and plant and buildings partially disused. This means disorganization, and increases the proportion between the outgoings and the gross income. This reduces the net income or return upon capital, and market quotations naturally shrink proportionately. The process is, as will be seen, the natural outcome of current economic conditions, and to attribute the shrinkage wholly to speculative liquidation is to misread the deeper operating forces.

January 10.—American Secretary of Treasury postpones repayment of public deposits made in American banks on December 10 (p. 96).

January 14.—American Steel Trust announce their determination to hold down prices of articles made under their control in order to conserve the stability of the steel trade. (This is a very interesting move, and indicates how the large productive organizations view the dangers attendant upon the continued rise of prices.)

January 15.—British Institute of Bankers resume consideration of question of strengthening the British gold reserves.

January 17.—Bank of England reduces rate of discount from 6 per cent. to 5 per cent. (This 6 per cent. rate had been in force since October 19, a period of eighty-nine days (p. 94). The severity of

the measure may be estimated from the fact that neither during the Baring crisis, nor during the periods of greatest stringency during the Boer war, was the 6 per cent. rate maintained for so long a period. The reduction of the Bank rate is due to the usual return of currency from the provinces in the early spring, and does not affect the general situation, which may be more justly gauged from the fact that at a time of usual financial ease, the Bank rate is still retained at the abnormal figure of 5 per cent.)

January 22.—Imperial Bank of Germany reduces rate of discount from 7 per cent. to 6 per cent. (An action consequent upon the action of the Bank of England.)

January 23.—London Chamber of Commerce discuss question of the strengthening of the British gold reserves.

January.—American railroads, confronted with the difficulty of raising new stock, resort to the device of short term notes. ("... Never in the history of this country has there been such an inundation of short term notes. Never have great industries, of excellent credit, been forced to fall back upon such pawnshop methods of financing their operations."—*New York Journal of Commerce*, January 28, 1907.) These notes are mostly of a three years' maturity, and bear interest at the rate of 5 per cent. per annum.

British directors of joint stock banks at various annual meetings all deal at length with position of British gold reserves.

January 31.—Governor of Bank of France discusses situation : " . . . The rate of discount in London rose to 6 per cent. without that rise preventing the drain of gold, and there were reasons to fear that if not attenuated, the reverberations might be felt in France. . . . Adopting a monetary policy that has been justified by events, the bank, by discounting English bills, assisted the London market with the funds necessary to enable it to traverse that difficult conjecture. . . . The potency of the bank's stock of gold acted as a means of placing temporarily at the disposal of a neighbouring and friendly country the metallic resources necessary to avert a monetary tension that might have compelled the bank to adopt defensive measures. . . ."

February 4.—Fall in values of American railway stocks continues. The position of the American railroads can be estimated with some degree of accuracy from the following controversial extracts from recent issues of important American reviews.

"At least a hundred thousand miles of our railroad system have become unfit for the ordinary needs of current traffic, with rotting cross-ties, light rails, wooden trestles instead of permanent bridges, sharp curves and bad grades surviving from the early period of railroad

engineering, shabby and miserable stations, and a general incompetency in equipment and operation that has fallen to a state of hopelessness and despondency where it has ceased either to apologize or to be ashamed."—Albert Shaw, in the *Review of Reviews*.

"If there is one thing above every other thing for which recent railroad history has been distinguished, it is the attention given—the time, the labour, the money spent—in raising the physical standard of the properties. Light rails everywhere have been replaced with heavier rails, wooden trestles have given way to permanent bridges built of iron or steel or stone, curves and grades have been reduced, and in every way the physical standard of the roads has been brought to a higher standard of perfection. . . .

"At a time when there was more need than ever before for the railroads to add to their facilities—to their motive power, their supply of cars, their track, yards, and other essentials—they were suddenly shorn of a large part of their borrowing capacity. All through 1906 it was almost impossible to float new bond issues on any reasonable terms, and the situation in that respect finally got so bad that in the present year the railroads quite generally have been forced to resort to the old-time device of issuing short term notes on rather onerous terms. . . . This is the most unfortunate phase in the existing state of affairs, for it prevents railroad managers from carrying out plans of relief on a scale commensurate with existing needs."—New York *Financial Chronicle*.

February 21.—British Chancellor of Exchequer, asked in the House of Commons "whether he could now see his way to take any definite steps in the important matter of the gold reserves," replies that the question "is one which peculiarly requires careful and cautious handling; but I am not without hopes that something in the nature of a general agreement of a practical character may be arrived at among the various interests concerned."

February 27.—Stock of gold in Bank of England attains to maximum figure of £86,729,623, and begins to decline. (This is an early date for the attainment of the maximum, and the amount is lower than in recent years. The comparative figures are as follows:—

I. MAXIMUM GOLD STOCK IN BANK OF ENGLAND.

Year.	Date of maximum.				Amount of maximum. £	
1905	March 22nd	..	40,293,197
1906	" 21st	..	38,630,343
1907	February 27th	..	86,729,623

These figures, of course, do not necessarily mean that the stock of

gold in the United Kingdom is diminishing. On the contrary, it would appear to be increasing. The imports of gold into the United Kingdom for the two months ending February 28 were valued at £8,801,912. The exports of gold for the same period were £6,717,744, showing a net increase of £1,584,168 to the gold stock in the country within the two months. Reserves are therefore apparently increasing in the United Kingdom, but elsewhere than at the Bank of England.)

February 28.—Principal London joint stock banks meet to consider question of strengthening British gold reserves, but fail to arrive at any agreement, and adjourn consideration. (There is no statutory requirement compelling British banks—other than the Bank of England—to publish periodical statements of accounts. Twelve of the most important banks, however, publish monthly accounts voluntarily. They are of little use, however, from a “gold reserve” point of view, as the cash heading is “Cash on Hand and at the Bank of England.” Therefore the gold included in the Bank of England reserve, may be, and is largely identical with that quoted as reserve by the joint stock banks. Apart from these twelve banks, the British banks do not publish any periodical returns, and some banks notoriously admit that they do not desire to keep gold reserves, as while the Bank of England remains solvent, they are legally enabled to withdraw their deposits at will. It is understood, however, that Parliamentary action may possibly be resorted to, unless the joint stock banks can arrive at a satisfactory conclusion among themselves upon this question. Hence this conference.)

March 2.—American Congress passes “Aldrich Act,” which, among other useful changes, enables the Secretary of the American Treasury to deposit the receipts from the Customs duties in the depository National Banks. (This Act may have an important influence on the gold reserve question. Since the American Civil War, all Customs duties have had to be paid into the American Treasury in gold—or gold certificates. There is another law which forbids the Treasury from depositing in banks the surplus gold not required to meet the current obligations of the Government. Consequently this gold, in times of Government prosperity, tends to accumulate in the Treasury vaults at Washington, and it is thus automatically withdrawn from circulation just at the time when it is most needed in the business world. The following table will show the rapid accumulation of this store of gold. The figures are quite irrespective of the other gold which is held in stock against what are known as gold certificates.

IA. GOLD STORED IN U.S.A. TREASURY (EXCLUDING "CERTIFICATE RESERVE").

	1905.						Dollars.
January 1	171,719,038
April 1	175,361,031
July 1	186,717,031
October 1	214,879,824
1906.							
January 1	238,281,230
April 1	229,462,034
July 1	242,734,343
October 1	273,831,835

It will be seen that this stock of gold during the past two years has increased by over \$100,000,000, or roughly, £20,000,000. There is obviously no need for this great accumulation of specie. It is greatly in excess of the legal reserve, which tradition had for many years fixed at \$100,000,000, and which was enlarged by the Gold Standard Act of March 14, 1900, to \$150,000,000. It is also quite independent of the "Certificate Reserve," which consists of an exact equivalent in gold or silver coin of the amount of gold or silver certificates (= bank-notes) in circulation. There would, therefore, appear to be over £20,000,000 in gold which can now be deposited by the Treasury with the banks without trespassing on either of the two statutory gold reserves. There is one difficulty, however, that will have to be solved. The American Government is not allowed to deposit gold in banks unless the banks give security by depositing American "consols" in return with the Government. The American National Debt has now been reduced to such an extent that American "consols" are scarce and difficult to obtain. The Treasury, however, is believed to have discretion to accept State bonds as security, and if this view be accepted, much may be done in the direction of postponing the threatening crisis.)

March 4.—Aldrich Act signed by President Roosevelt, and becomes law.

March 12.—Netherlands Bank raises rate of discount from 5 per cent. to 6 per cent. (The increase to 5 per cent. was made on October 11, 1906, concurrently with the Bank of England.)

March 13.—American railway and industrial stocks continue to fall rapidly.

March 14.—British consols fall to 84½. (This is the record low point since April 6, 1903, at which date the interest was reduced from 2½ per cent. to 2½ per cent. The net yield, however, is still in excess of any other Government stock.) Severe financial panic in New York, and values of stocks fall rapidly. American Secretary of Treasury

issues instructions to the customs' collectors to deposit their receipts with the National banks. (This is the administrative sequence to the Aldrich Act.) American Secretary also offers to redeem, with interest to July 1, \$25,000,000 of Government Four per Cent. Bonds of 1907, and announces that he will not at present call for the public money deposited with the banks. (See January 10.) New York cable exchange on London falls to 4·8460. Principal London joint stock banks appoint a special sub-committee to consider—

1. The advisability of publication by all banks of periodical statements of liabilities and assets based on averages.

2. The best means of increasing the gold reserves of the country.

3. How banks can most effectively assist in increasing those reserves.

March 15.—American panic ceases, and stocks partially recover. New York cable exchange falls to 4·8395. National Bank of Belgium raises rate of discount to $4\frac{1}{2}$ per cent.

March 16.—New York exchange falls to 4·8390. (Exchange is now at the low level of August 31, 1906, that preceded the September drain. See page 92.)

March 18.—British Chancellor of Exchequer, questioned as to fall of consols, explains international monetary position, and states that the British Government's policy is "to reduce expenditure, to strengthen the Sinking Fund, and to avoid borrowing for current expenditure upon services . . . which ought to be paid out of current revenue."

March 20.—New York exchange falls to 4·8375. (This is the minimum figure of the drains of April and September, 1906. See pages 90 and 92. No gold, however, has yet been withdrawn from Bank of England.)

March 21.—Bank of France raises rate of discount from 3 per cent. to $3\frac{1}{2}$ per cent. (The bimetallic law governing the Bank of France enables it to pay out gold or silver at discretion. Therefore the Bank has been able to keep the rate of discount down to 3 per cent. since May 25, 1900, until it became regarded almost as a European institution. The unexpected change is some indication that no bimetallic law can, in the long run, be a complete protection against the natural laws of finance.) New York exchange rises to 4·84.

March 23.—New York exchange rises to 4·8440. Severe fall in Canadian Pacific stock, and general decline on London Stock Exchange.

TREASURY RETURNS.—(i.) *British.*—The condition of the national revenue continues to be highly satisfactory, and the strength of the recovery is a gratifying testimony to the essential soundness of the British position, and affords some ground for the hopes of those who

look forward to constructive social legislation. The total revenue to March 2, 1907, still exceeds that to March 3, 1906, and it is now certain that the financial year will close without any diminution of income below that of 1906. In other words, the tea duty will have been reduced from May 14, 1906, from 6*d.* to 5*d.*; the coal export duty will have been abolished from November 1, 1906; the strip tobacco duty will have been reduced from May 21, 1906, from 3*d.* to $\frac{1}{2}$ *d.* per pound; an additional £500,000 will have been paid off the National Debt; the cost of distributing heavy parcels will have been reduced; and a grant will have been made to the necessitous school districts, without in any way affecting the national income.

On the other hand, the total national expenditure is steadily shrinking; on March 2, 1907, it was some £1,500,000 less than at the equivalent period in 1905-6. The estimated expenditure for 1906-7 was some £2,000,000 more than that actually received in 1905-6, so that the actual expenditure for 1906-7 bids fair to be some £3,500,000 below the estimate.

The total net financial improvement in the Treasury position to date over the equivalent period in 1905-6 is about £3,000,000, notwithstanding the reductions in taxation and the increased contribution to the Sinking Fund, and the end of the financial year is now certain to be marked by a surplus that will probably considerably exceed the surplus of £3,466,000 in 1906. This sum, according to law, will have to be allocated to the redemption of the National Debt, but the general position should certainly justify the Chancellor in announcing further remissions of taxation.

In considering the nature of these remissions, it will be opportune to consider the extent to which the country is still bearing the special war charges imposed during the South African War. Apart from any remissions of taxation, the war charges which will be imposed upon the British taxpayer in 1907-8 will be seen from the following table:—

II. (BOER) WAR CHARGES DUE TO BE ENFORCED FOR 1907-8.

Item.	(Increase.	Annual charge repealed.	Date.	Annual charge still enforced (approximate).
		£		£
1. Income Tax per £ (raised April 6, 1900))	4 <i>d.</i>	Nil	—	10,250,000
2. Beer and spirit duties—				
(a) Beer per barrel (raised March 6, 1900))	1 <i>s.</i>	Nil	—	1,650,000
(b) Spirits per gallon (raised March 6, 1900))	6 <i>d.</i>	Nil	—	1,000,000

(BOER) WAR CHARGES DUE TO BE ENFORCED FOR 1907-8 (continued).

Item.	Increase.	Annual charge repealed.	Date.	Annual charge still enforced (approximate).
3. Tobacco duties per lb. (raised March 6, 1900; April 20, 1904) ¹	Various	£ Nil	—	£ 2,000,000
4. Coal export duty per ton (imposed April 19, 1901)}	1s.	1,000,000	{ Repealed Nov. 1, 1906 }	Nil
5. Sugar import duty (imposed April 19, 1901)}	Various	Nil	—	6,100,000
6. Tea duty per lb. (raised March 6, 1900)}	2d.	1,000,000	{ Reduced 6d. to 5d., May 14, 1906 }	1,000,000
Total war charges due to be enforced 1907-8				£22,000,000

Applying the process of elimination to these items, it will be seen that the coal and tea duties received attention in 1906-7, and there is no evidence of strong public demand for the lowering of the beer and spirit duties or the tobacco duties. There remain but the sugar duty and the income tax. Of these, the claims of the sugar duty for remission are considerable. Its total repeal is, of course, impossible, as it would involve a loss to the Exchequer of over £6,000,000 a year. The form that the reduction may take may perhaps be estimated from the nature of Mr. Gladstone's reductions in his 1868 ministry, when the sugar duty was gradually abolished.

III.—ABOLITION OF SUGAR DUTIES (1870-6).

Year.	Duties received.					
1870	£ 5,396,561
1871	3,218,813
1872	3,179,930
1873	3,284,081
1874	1,843,178
1875	67,985
1876	Totally repealed

The income tax is more difficult, since it is placed in a certain antagonism to old age pensions. It would, however, be an economically unsound policy to keep the income tax much longer at a war level. It is essentially an elastic tax, that is intended to be easily

¹ This increase, made after the war, is yet a war charge, as it was necessary to help to liquidate the increased charges for interest and sinking fund for the enlarged National Debt.

expanded in times of national distress. Any old age pension scheme must necessarily be non-elastic. It is obvious, therefore, that to maintain the income tax in its present distended form would be to leave little room for further distension when the next emergency arises. The magnitude of the present distension may be gathered from the following table :—

IV. TABLE SHEWING ABNORMAL DISTENSION OF INCOME TAX RECEIPTS.

Year.	Rate per £.							Tax received.
	s.	d.						£
1891-2	0	6	..	..	..	..	..	13,428,780
1892-3	0	6	..	..	..	..	..	13,439,135
1893-4	0	7	..	..	..	..	..	15,337,000
1894-5	0	8	..	..	..	..	..	15,856,000
1895-6	0	8	..	..	..	..	..	16,265,296
1896-7	0	8	..	..	..	..	..	16,788,821
1897-8	0	8	..	..	..	..	..	17,507,040
1898-9	0	8	..	..	..	..	..	18,274,315
1899-00	0	8	..	..	..	..	..	18,828,958

War declared.

1900-1	1	0	..	..	..	..	..	29,705,312
1901-2	1	2	..	..	..	..	..	35,440,470
1902-3	1	3	..	..	..	..	..	38,037,931
1903-4	0	11	..	..	..	..	..	28,188,067
1904-5	1	0	..	..	..	..	..	30,966,404
1905-6	1	0	..	..	..	..	..	31,200,000
1906-7	1	0	..	..	..	(estimate)	..	31,500,000

This table shows how essential it is, from a national point of view, that the net produce of this tax should be reduced; but if this be regarded as an axiom, the proposition before the Chancellor for solution still leaves considerable scope for his ingenuity. The question of graduation, for example, is extremely interesting and important, and the following table shows the rate at which the present 1s. tax actually works out in the case of persons receiving an income of £700 per annum or less.

V. ACTUAL CHARGE PER £ ON SMALLER INCOMES WHEN TAX STANDS AT 1s.

Annual income.	Tax per £ actually paid.						
£160 (and below)	Nil
£200	24d.
£300	58d.
£400	72d.
£500	84d.
£600	96d.
£700	108d.
£701 (and above)	1s.

The Royal Commission on Income Tax reported on November 28, 1906, that an extension of this principle of abatement is practicable, and that differentiation between earned and unearned incomes would be practicable if it were limited to earned incomes not exceeding £2000 or £3000 per annum.

The present rate of 1s. in the £1 is equivalent to 5 per cent. on all incomes over £700, and it is worth noting that the average rate works out at $4\frac{1}{4}$ per cent., thus showing that although the tax falls at reduced rates on the great majority of *income tax payers*, yet it falls at the maximum rate of 1s. on the greater portion of the *income* of the country, which is certainly owned by the class having incomes above the abatement limits. The present position would therefore appear to lead the Chancellor in the direction of a total reduction in the amount to be raised from the income tax, probably accompanied by a more elaborate and extended system of abatement, with possible differentiation between earned and unearned incomes.

With reference to the question of old age pensions, the Chancellor of the Exchequer, on February 13, 1907, informed the House of Commons that it was desired by His Majesty's Government to introduce an effective scheme of old age pensions, "which, though on a comparatively small and tentative scale, is yet on the right lines, and so capable of development and of covering the whole problem in time." The date of the introduction was not stated, but the Chancellor expressed the hope that when the proposals were made, they would command the universal assent of all parties.

In view of this statement, it is desirable to give a few of the salient financial facts relating to this question.

The information as to the expenditure in relief of the poor in the United Kingdom is rather in arrear, the last year published in the Statistical Abstract being 1902-3. This gives a total of practically £16,000,000, made up as follows :—

VI.—AMOUNT EXPENDED IN RELIEF OF THE POOR IN THE UNITED KINGDOM
FOR YEARS 1902-3.

England and Wales	..	..	..	..	..	..	13,608,870
Scotland	..	..	..	..	..	..	1,235,053
Ireland	..	..	..	..	..	..	1,146,963
Total	..	..	..	..	..	..	£15,991,886

The total passed £10,000,000 in 1880-1, and the growth since that date is given below :—

VII. GROWTH OF EXPENDITURE IN POOR LAW RELIEF IN UNITED KINGDOM.

Year.	£
1879-80	9,931,608
1880-1	10,105,231
1881-2	10,872,358
1882-3	10,431,346
1883-4	10,439,935
1884-5	10,471,713
1885-6	10,258,204
1886-7	10,170,128
1887-8	10,331,214
1888-9	10,315,672
1889-90	10,347,180
1890-91	10,564,906
1891-2	10,818,118
1892-3	11,207,592
1893-4	11,669,839
1894-5	11,903,423
1895-6	12,282,741
1896-7	12,532,572
1897-8	12,963,826
1898-9	13,513,040
1899-00	13,795,752
1900-1	14,434,750
1901-2	15,269,569
1902-3	15,991,886

It will be noted that the chief growth has been in the present decade. From 1880-90 the expenditure hovered just over the £10,000,000 mark. From 1890-1900 it grew to £13,750,000, while from 1900-03 it again grew to nearly £16,000,000. For this expenditure about 1,000,000 paupers per week are relieved, and a rough average of the poor relief per pauper, averaged over the whole expenditure, works out at about 6·0s. per head per week. Of course this average is very rough, as it covers adults and children, indoor and outdoor relief, sane and insane.

For the purpose of old age pension calculations these figures should be brought up to date and dissected, and the total relief already given to adults over sixty-five ascertained and separated from the remainder. Until this is done it would appear to be impracticable to start an effective scheme of general pensions, as there would be divided authority and an undesirable overlapping in the distribution of public money. Whether this return can be prepared in time for the 1907 Budget statement is very doubtful, and in the absence of any such statement the Chancellor could only earmark a specific sum, to be used in accordance with a scheme to be subsequently determined during the ensuing financial year. Whether this process of earmarking

would be financially sound is open to question. It must be remembered that consols are down to $84\frac{1}{16}$ (March 23), and when stock can be redeemed at such a figure it may be found to be more economical to augment the contribution to the Sinking Fund rather than earmark money for problematical expenditure. The situation is generally of such a character that this question will have necessarily to be dealt with in a very tentative manner.

(ii.) *American*.—The improvement in the condition of the Washington Treasury still continues, and the surplus for the first seven months (July to January inclusive) of the American financial year 1906–7 is \$32,458,408. The great improvement in the recent position can be seen from the following table :—

VIII. AMERICAN TREASURY BALANCES.
(7 months, to January 31.)

					Dollars.
January 31, 1906 (deficit)	..	..	..	..	– 28,500,000
„ 1906 (deficit)	..	..	..	..	– 3,400,000
„ 1907 (surplus)	..	..	..	..	+ 32,458,408

CURRENT FOREIGN TRADE.—*British Foreign Trade*.—The extraordinary growth of the British foreign trade is still maintained, though, in considering the totals, regard should be had to the constant increase in the price level of commodities. The returns to February 28, 1907, are as follows :—

IX. BRITISH IMPORTS.
(2 months, ending February 28.)

	1905.	1906.	1907.
	£	£	£
Total imports to date	90,579,484	101,001,586	113,463,855
Increase in 1907 over 1905	+ 22,884,371	—	—
„ „ 1906	—	+ 12,462,269	—

X. BRITISH EXPORTS.
(2 months, ending February 28.)

	1905.	1906.	1907.
	£	£	£
British exports	50,258,840	59,545,834	67,143,952
Foreign and colonial re-exports ..	13,733,610	15,441,715	18,219,106
Total exports	£63,992,450	£74,987,649	£85,363,058
Increase in 1907 over 1905	+ 21,370,608	—	—
„ „ 1906	—	+ 10,375,409	—

Chief Changes in Foreign Trade.—The chief changes in British foreign trade during 1907 to February 28 were as follows :—

**XI. CHIEF CHANGES IN BRITISH FOREIGN TRADE (1907).
(2 months, ending February 28.)**

1.	Imports of raw cotton	..	..	..	..	Increase	6,931,529
2.	" raw wool	..	..	..	..	"	2,231,194
3.	" other textile materials	..	..	..	..	"	1,607,975
4.	Exports of cotton manufactures	..	..	..	..	"	1,370,948
5.	" iron and steel manufactures	..	..	..	..	"	1,366,324
6.	" coal and coke	..	..	..	..	"	1,026,919

The above includes all changes exceeding £1,000,000 in value. The analysis of these changes in detail is as follows :—

1. *Imports of Raw Cotton* (+£6,931,529).—This phenomenal increase of nearly £7,000,000 within two months is the result of the British replenishment of the cotton reserve, as explained on page 226. The bulk of the increased supply, of course, comes from the United States, which receives over £5,000,000 extra for 1,800,000 additional cwts. of cotton. Egypt, however, is doing very well, and receives £1,700,000 for just under 200,000 extra cwts.

2. *Imports of Raw Wool* (+£2,231,194).—This very large increase is due almost entirely to additional wool imported, the difference over 1906 being no less than 43 million lbs. The chief increase is from Australia (+18 million lbs.), New Zealand (11½ million lbs.), South Africa (10 million lbs.), and Argentina (7½ million lbs.). The following table gives the relative positions of the chief sources of home supply of raw wool, the British imperial sources being given in italics :—

**XII. SOURCES OF BRITISH RAW WOOL SUPPLY (1907).
(2 months, to February 28.)**

Country.	Raw wool, in lbs.
1. <i>Australia</i>	100,121,565
2. <i>New Zealand</i>	44,928,544
3. <i>British South Africa</i>	26,963,667
4. The Argentine Republic	17,908,733
5. <i>British East Indies</i>	6,565,742
6. France	5,358,720
7. South America (West Coast)	2,920,821

It will be noted that the three most important positions continue to be held by sections of the British Empire, but that Argentina displaces British India from the fourth place.

3. *Imports of other Textile Materials* (+£1,607,975).—This item—which appears in the analysis for the first time—comprises flax, hemp, jute, and silk. The whole of the change, however, is caused

by the great growth in the price of jute, 35,000 additional tons have been imported, but the extra price paid is nearly £1,500,000.

4. *Exports of Cotton Manufactures* (+ £1,370,948).—This increase is due almost entirely to higher prices obtained, the total quantity exported during the two months being almost identical with that of 1906. There is, however, a good deal of change among the individual countries. The largest increased sales are to Turkey (+ 17 million yards), Egypt (+ 15½ million yards), Brazil (+ 7½ million yards), and Bombay (5½ million yards). There is again a heavy diminution in the sales to China (– 18 million yards), and Bengal also records a heavy diminution (– 27 million yards). The sales to Japan are also now diminishing at a more rapid rate (– 8 million yards). The increased export to the United States continues (+ 3½ million yards), but Germany shows a decrease (– 8½ million yards). The period under review (two months) is, however, too short to justify any conclusions from these figures.

5. *Exports of Iron and Steel Manufactures* (+ £1,366,324).—The increase continues to be widespread. Exports of pig iron have increased by 140,000 tons, which reflected in values has brought in over £600,000. The bulk of this increased export has gone to the United States, though the trade, as a whole, appears to be going ahead. The accelerated flow across the North Sea continues, and both Holland, Germany, and Belgium record increases. There is a corresponding acceleration in iron ore brought from Spain.

Most of the manufactured iron exports also record increases, but the period under review is too short for reliable comparisons.

6. *Exports of Coal and Coke* (+ £1,026,919).—This trade is growing apace, and over 1,000,000 additional tons have left these shores during January and February. The following table shows the order of merit of the chief consumers of British coal:—

XIII. CHIEF PURCHASERS OF BRITISH COAL.
(2 months, to February 28.)

	Tons bought.	Price paid.
		£
1. France	1,770,149	942,850
2. Italy	1,376,882	822,760
3. Germany	1,017,682	482,551
4. Egypt (rises from 7th) ..	499,189	326,388
5. Spain (rises from 8th) ..	455,484	293,813
6. Argentina	362,076	272,436
7. Denmark (rises from 9th) ..	419,485	223,184
8. Sweden (falls from 4th) ..	399,870	211,984
9. Holland (<i>vice</i> Russia) ..	368,629	179,962

Shipping Clearances.—Concurrently with the growth of foreign trade, the cargoes cleared are increasing, though, oddly enough, the cargoes entered show a slight diminution. The net increase in cargoes cleared to February 28, 1907, is 391,625 tons, while cargoes entered show a diminution of 17,561 tons.

THE EFFECT OF ADVANCING PRICES UPON BRITISH FOREIGN TRADE.—The London *Economist* performs a national service in its annual analysis of the character of the changes in British foreign trade, and in this time of advancing prices its analyses have especial interest.

The method adopted by the *Economist* is to calculate the trade of one year at the prices that prevailed during the previous year. The difference shows the extent to which the United Kingdom has benefited or suffered by changes in prices during year under review. The *Economist* performs this operation first with the total imports, and deducts those portions of the imports that are again sent out of the country, thus arriving at the actual net imports consumed. The same process is then gone through with the exports; and finally the increased or decreased value received from the exports is compared with the increased or decreased sums paid for the net imports, and the net result gives the extent to which the country has gained or lost simply from changes in prices during the year. These figures for the last decade are as follows :—

XIV. BRITISH FOREIGN TRADE.
Net gain or loss caused by changes of prices only.

Year.									£
1896	..	..	..	..	..	..	..	Gain of	3,953,000
1897	..	..	..	..	..	..	..	"	2,220,000
1898	..	..	..	..	..	..	..	"	1,481,000
1899	..	..	..	..	..	..	..	Loss of	8,489,000
1900	..	..	..	..	..	..	..	"	1,964,000
1901	..	..	..	..	..	..	..	"	2,908,000
1902	..	..	..	..	..	..	..	Gain of	12,748,000
1903	..	..	..	..	..	..	..	Loss of	1,684,000
1904	..	..	..	..	..	..	..	"	956,000
1905	..	..	..	..	..	..	..	Gain of	2,494,000
1906	..	..	..	..	..	..	..	"	1,589,000

From these figures it would appear that, taken as a whole, the United Kingdom is better off by reason of the change of prices in 1906 to the extent of about £1,500,000.

Resolving these figures under the separate heads of net imports and exports, the years of changing prices stand out very vividly.

XV. BRITISH FOREIGN TRADE.

Variations due to changes of prices only, calculated at prices obtaining in previous year.

Year.				Net imports.	Exports.
				£	£
1896	..	..	..	+ 6,988,000	+ 3,035,000
1897	..	..	..	- 485,000	- 2,704,000
1898	..	..	..	+ 973,000	- 508,000
1899	..	..	..	+ 7,382,000	+ 15,851,000
1900	..	..	..	+ 34,906,000	+ 36,870,000
1901	..	..	..	- 17,412,000	- 15,204,000
1902	..	..	..	- 2,892,000	- 15,640,000
1903	..	..	..	+ 1,776,000	+ 3,480,000
1904	..	..	..	+ 912,000	+ 1,868,000
1905	..	..	..	+ 3,016,000	+ 522,000
1906	..	..	..	+ 18,462,000	+ 16,873,000

This table shows very clearly the abnormal character of the price movements of 1906. The differences are, of course, less than the violent fluctuations that occurred during the Boer War, but they have a higher significance, owing to their cause being of a more permanent character. A sudden war demand, of course, forces prices upwards, but as soon as the demand ceases, and stocks have again been replenished, the ordinary laws of demand and supply reassert themselves, the artificial inflation gives way, and prices sink down again to their natural level. In 1906, on the contrary, it is the natural level itself which has risen, and although the movement—being on so large a scale—is naturally slower, yet it has greater economic possibilities, and it is for this reason that the price movements of 1907 are being looked forward to with especial interest and some misgiving.

THE DIRECTION OF BRITISH TRADE.—The figures are now available for the whole calendar year 1906, and the general impression derived from an examination of the figures is that we are buying rather more in proportion from other sections of the empire, and selling rather more to foreign countries. Of course, the great activity of trade, and the advance in prices, cause all the figures to expand, but the general trend of movements during 1902-6, inclusive, is in the direction indicated. This will be seen from the following figures.

XVI. BRITISH IMPORTS. COUNTRIES OF ORIGIN.

		1902.	1906.	Increase.
		£	£	£
Foreign countries	..	421,500,000	465,800,000	44,300,000
British possessions	..	107,000,000	142,200,000	35,200,000

Thus, without the aid of any form of Imperial preferential system, the United Kingdom has increased its purchases from other sections of the Empire by £35,200,000, while the increase from the whole of the remainder of the world has only been £44,300,000. These figures are very remarkable when it is remembered that the value of imports from within the empire is barely one-fourth the value of those from other countries of the world.

On the other hand, the trend of the sales is markedly in the opposite direction.

XVII. BRITISH EXPORTS. COUNTRIES OF DESTINATION.

		1902.	1906.	Increase.
		£	£	£
Foreign countries	..	174,300,000	254,400,000	80,100,000
British possessions	..	109,100,000	121,300,000	12,200,000

It will be seen that the increased sales to other sections of the empire are relatively much smaller than those to the remainder of the world. The comparison made by the figures is, however, somewhat disturbed by the effect of the continued depression in South Africa upon the "British possessions" figures. While British exports to every important country in the world are steadily increasing, those to South Africa are persistently decreasing. The detailed figures are as follows :—

XVIII. BRITISH EXPORTS TO CAPE OF GOOD HOPE.

								£
1902	..	..	..	..	..	..	..	16,737,000
1903	..	..	..	..	..	..	..	17,676,000
1904	..	..	..	..	..	..	..	12,049,000
1905	..	..	..	..	..	..	..	10,517,000
1906	..	..	..	..	..	..	..	10,501,000

XIX.—BRITISH EXPORTS TO NATAL.

								£
1902	..	..	..	..	..	..	..	7,639,000
1903	..	..	..	..	..	..	..	7,611,000
1904	..	..	..	..	..	..	..	5,483,000
1905	..	..	..	..	..	..	..	5,843,000
1906	..	..	..	..	..	..	..	4,761,000

It is to be hoped that the bottom of this great depression has been reached, and that 1907 will witness an upward movement.

Dealing now with the countries in detail, it is proposed to continue the usual classification.

IMPORTING COUNTRIES IN ORDER OF MERIT (12 months, to December 31) :—

(a) IMPORTING COUNTRIES OF THE FIRST CLASS (OVER £100,000,000 PER ANNUM).

1. *United States of America.*—Imports into the United Kingdom, diminishing in value during 1904 and 1905. The figures to December 31, 1906, however, show a great leap upwards, wiping out the diminutions of 1904 and 1905, and attaining the record figure of £131,105,161.

(b) IMPORTING COUNTRIES OF THE SECOND CLASS (OVER £50,000,000 AND UNDER £100,000,000 PER ANNUM).

2. *France.*—Steady increase year by year. The total to December 31, 1906, is £53,816,145. The increase for the last quarter is a little disappointing, and there are signs of slackening in the values of British imports from France.

(c) IMPORTING COUNTRIES OF THE THIRD CLASS (OVER £25,000,000 AND UNDER £50,000,000 PER ANNUM).

3. *Germany.*—1904 showed a slight set back. This was, however, more than wiped out in 1905, and there is an excellent growth in 1906, the figures to December 31 being £38,032,618. The growth of British trade with Germany is becoming marked, the increase in 1906 being greater than that from any other European country.

4. *India.*—This section of the empire generally takes the 4th place upon the complete year's statistics, and 1906 is no exception to this rule. The imports from India during the past quarter have shown some improvement, and there is now a substantial advance over 1904 and 1905. The total imports to December 31, 1906, are £37,829,750.

5. *Netherlands.*—Practically stationary from 1903 to 1905. A good increase in 1906. Figures to December 31 = £36,652,026. Much of this merchandise, however, comes down the Rhine into Holland, and is thus really German in origin.

6. *Canada.*—This section of the empire maintains its position as the 6th most prominent importing country. This is chiefly owing to the unusually large leap upward of the imports sent to the mother country in 1906. The increase over 1905 is nearly £5,000,000, the figures to December 31 being £30,330,883.

7. *Russia.*—The fall in the imports from Russia continues, and the total for 1906 (£30,053,543) is lower than any year since 1902. This fall may be ascribed chiefly to the famine in Russia, causing a reduced import of wheat to the extent of nearly £4,000,000 during the year.

8. *Australia.*—The improvement in the Australian position continues. The growth is sufficiently interesting to deserve a table :—

XX. BRITISH IMPORTS FROM AUSTRALIA.

									£
1903	..	..	..	..	..	..	..	..	17,058,000
1904	..	..	..	..	..	..	..	..	23,569,000
1905	..	..	..	..	..	..	..	..	26,969,000
1906	..	..	..	..	..	..	..	..	29,143,000

The great increase of prosperity reflected by these figures would appear to justify an increased Australian contribution to the cost of imperial defence.

9. *Belgium*.—The imports were practically stationary from 1903 to 1905. 1906, however, makes a better showing, the figures to December 31 being £29,097,583.

(*Argentina* is not able to maintain its position in the 3rd class.)

EXPORTING COUNTRIES IN ORDER OF MERIT.—(a, b) There are no countries of the first and second classes to which the United Kingdom exports goods.

(c) EXPORTING COUNTRIES OF THE THIRD CLASS (OVER £25,000,000 AND UNDER £50,000,000).

1. *India*.—A very large increase in 1904 over 1903, and thenceforward a steady and considerable increase year by year. The total export from the United Kingdom to December 31, 1906 = £45,150,743. The growth of this trade is very remarkable.

XXI. BRITISH EXPORTS TO INDIA.

									£
1902	..	..	..	..	..	..	..	..	32,681,979
1903	..	..	..	..	..	..	..	..	34,477,099
1904	..	..	..	..	..	..	..	..	40,641,877
1905	..	..	..	..	..	..	..	..	42,996,888
1906	..	..	..	..	..	..	..	..	45,150,743

2. *Germany*.—The continued and steady rise in British exports into so highly protected a country as Germany is very interesting. The total British export to December 31, 1906, was £33,627,476, which is quite a record figure. The progressive figures are given below.

XXII. BRITISH EXPORTS TO GERMANY.

									£
1902	..	..	..	..	..	..	..	..	22,850,295
1903	..	..	..	..	..	..	..	..	23,550,681
1904	..	..	..	..	..	..	..	..	25,103,270
1905	..	..	..	..	..	..	..	..	29,704,449
1906	..	..	..	..	..	..	..	..	33,627,476

3. *U.S.A.*.—It is most gratifying to be able to announce the entry

of a third country into the third class, and interesting to note that that country is most highly protected against the United Kingdom! The United States in 1906 bought goods from the British Isles to the value of £27,788,716. Of course this is by no means a record figure. British exports to the United States used to be on a much higher scale, but it is gratifying to note that headway is being made even against the defensive armour of the Dingley Tariff.

COMPARATIVE FOREIGN TRADE OF UNITED KINGDOM WITH THAT OF THE OTHER CHIEF COMMERCIAL NATIONS.—The United Kingdom still maintains its supremacy over all other countries as the chief trading nation.

(i.) *U.S.A.*—In the export trade, the United Kingdom completes the year with a substantial advance over the United States, and the lead on December 31, 1906, was £6,848,000.

XXIII. COMPARATIVE EXPORTS—UNITED KINGDOM AND UNITED STATES.
(12 months, to December 31.)

				United Kingdom.				United States.
				£				£
1904	..	..	..	300,711,000	..	..	..	297,023,000
1905	..	..	..	329,817,000	..	..	..	333,213,000
1906	..	..	..	375,673,000	..	..	..	369,325,000

The neck-and-neck struggle that has been going on in the export trade between the United Kingdom and the United States for the past years is vividly exemplified in the following table:—

XXIV. COMPARISON OF EXPORT TRADE—UNITED STATES AND UNITED KINGDOM.

								Leading country.
								United Kingdom
1897	..	..	..	..	..	..	..	States
1898	..	..	..	..	..	..	..	States
1899	..	..	..	..	..	..	..	Kingdom
1900	..	..	..	..	..	..	..	States
1901	..	..	..	..	..	..	..	States
1902	..	..	..	..	..	..	..	Kingdom
1903	..	..	..	..	..	..	..	States
1904	..	..	..	..	..	..	..	Kingdom
1905 ¹	..	..	..	..	..	..	..	"
1906	..	..	..	..	..	..	..	"

In imports there is, of course, scarcely any comparison yet, and the figures to date show that the States are not making the progress that is generally looked for from them.

¹ The American returns give the United Kingdom as leading in 1905, but the British returns give the United States as leading.

XXV. COMPARATIVE IMPORTS—UNITED KINGDOM AND UNITED STATES.

(12 months, to December 31.)

				United Kingdom. £				United States. £
1904	..	..	..	480,734,000	..	..	..	215,814,000
1905	..	..	..	487,240,000	..	..	..	245,855,000
1906	..	..	..	522,825,000	..	..	..	275,222,000

(ii.) *Germany*.—The German figures are now available to December 31, and the rapid growth of German trade noticeable in the first half of the year is scarcely being maintained. It will be seen that for the complete year the British increase is much greater than the German increase; and it will be remembered that the German figures include the two months prior to the increase of the tariff on March 1, 1906, when there was a rush to stock goods in German warehouses before the tariff came into force. A fairer comparison will be possible in 1907.

XXVI. COMPARATIVE EXPORTS—UNITED KINGDOM AND GERMANY.

(12 months, to December 31.)

				United Kingdom. £				Germany. £
1904	..	..	..	300,711,000	..	..	..	261,141,000
1905	..	..	..	329,817,000	..	..	..	286,582,000
1906	..	..	..	375,673,000	..	..	..	306,250,000

XXVII. COMPARATIVE IMPORTS—UNITED KINGDOM AND GERMANY.

(12 months, to December 31.)

				United Kingdom. £				Germany. £
1904	..	..	..	480,734,000	..	..	..	317,716,000
1905	..	..	..	487,240,000	..	..	..	358,441,000
1906	..	..	..	522,825,000	..	..	..	392,527,000 ¹

WHEAT—(i.) *General Position*.—The figures for the first twenty-six weeks of the cereal year 1906–7 to December 22, 1906, show that the level of the general world-exports has dropped from the abnormally high level of 1905–6 to the normal level of 1903–4 and 1904–5. The spurt of 1905–6 was probably due to the rush of wheat into Germany in the early months of 1906, to escape the higher tariffs imposed on March 1 of that year. Dealing with the exporting countries in detail, the famine in Russia is having a marked effect on the export trade, the diminution to December 22 being approximately 40,000,000 bushels. The vacuum caused by this failure of the Russian crops is filled by wheat from the United States and Canada, and the unsold stock in America has therefore become less prominent, although on February 16 it was still higher than in recent years. Prices, however, have not gone up beyond the low level of 26*s.* to 27*s.* per quarter referred to on

¹ New tariffs inaugurated March 1, 1906.

p. 108, and the margin of profit to the American sellers cannot, therefore, have been great. The comparative figures to date are as follows :—

XXVIII. STOCK OF WHEAT AVAILABLE IN UNITED STATES AND CANADA.

						Winchester bushels.
1907, February 16	..	..	..	..	..	77,713,000
1906, " 17	..	..	..	..	..	70,648,000
1905, " 18	..	..	..	..	..	52,400,000
1904, " 20	..	..	..	..	..	52,991,000

(ii.) *Sources of British Supply.*—The present chief sources of the British wheat supply are shown by the following table :—

XXIX. SOURCES OF BRITISH WHEAT AND WHEAT FLOUR SUPPLY (1907).
(2 months, to February 28, 1907.)

		Wheat.	Wheat flour.	Total.
		cwts.	cwts.	cwts.
1. United States of America	..	3,786,900	1,524,700	5,310,600
2. Russia	.. .. .	1,729,200	—	1,729,000
3. India	.. .. .	1,536,400	—	1,536,400
4. Argentina	.. .. .	1,283,800	6,800	1,290,600
5. Roumania	.. .. .	1,123,500	—	1,123,500

A comparison with the corresponding two months of 1906 shows that Roumania has displaced Canada, but the period is too short to form conclusions.

(iii.) *British Consumption.*—The figures of the British home consumption for the first twenty-six weeks of the British harvest year of 1906-7 do not alter the position of a diminished consumption referred to on p. 109. The following table will show that the British people are consuming less this year than in any year since 1902-3, and the cause is not clear. Wheat is cheap, and bread is also cheap. The country is very busy and very prosperous. Yet the quantity of wheat consumed is low. The cause of this may be over-purchases by British merchants in 1905-6; but it would be desirable to await further data before forming an opinion as to the real nature of the movement.

XXX. BRITISH (HOME) CONSUMPTION OF WHEAT FOR 26 WEEKS, ENDING FEBRUARY 23.

						cwts.
1906-7	..	..	..	..	..	67,391,900
1905-6	..	..	..	..	..	71,045,900
1904-5	..	..	..	..	..	69,023,300
1903-4	..	..	..	..	..	72,680,000
1902-3	..	..	..	..	..	67,492,800

The table showing the relative consumption of home-grown and foreign wheat shows that the home-grown is below the level of 1905-6, but considerably above the years preceding 1905.

XXXI. BRITISH (HOME) CONSUMPTION OF HOME-GROWN AND FOREIGN WHEAT.
(26 weeks, ending February 23.)

	1903-4.	1904-5.	1905-6.	1906-7.
	cwt.	cwt.	cwt.	cwt.
Foreign imports ..	53,774,300	55,805,500	47,199,100	46,553,200
Home-grown sales ..	13,935,700	13,217,900	23,846,900	20,738,700
Total home supplies	72,690,000	69,023,300	71,045,900	67,391,900

COTTON.—(i.) *The General Situation.*—The replenishment of the British reserve of raw cotton referred to on p. 110 has been proceeding steadily during the whole of the past three months, and the stock in England is now (February 22), about at the same level as it was at the beginning of 1905. The quantity imported increases year by year, but this does not mean an equivalent increase in the reserve, as the mills consume the additional material as soon as it is landed in Lancashire. The comparative steadiness of the prices of raw material has been a comfort alike to American growers and British spinners. The absurdly high prices which prevailed from December, 1903, to September, 1904, and the equally absurdly low prices which prevailed from October, 1904, to July, 1905, have been succeeded by comparative equilibrium. From August, 1905, to February, 1907, the price-line has oscillated gently above and below the standard price of 6d. per lb., but the maximum oscillation has not reached 1d. during the whole of this period.

(ii.) *The British Position.*—The following table shows that the British mills are in full operation, the number of bales consumed to February 22 being at the record level on this date of 813,888.

XXXII. BRITISH CONSUMPTION OF BALES OF RAW COTTON.

January 1 to February 22.	Bales consumed.	Change on previous year.
		Bales.
1907	813,888	+ 131,028
1906	682,260	+ 36,133
1905	646,127	+ 121,333
1904	524,784	—

The corresponding table of imports during the same period shows

that the "holding-off" policy has ceased, and that British imports are again on a large and increasing scale.

XXXIII. BRITISH IMPORTS OF BALES OF RAW COTTON.

January 1 to February 22.				Bales imported.	Change on previous year.
1907	..	..	..	1,224,361	Bales. + 305,570
1906	..	..	..	918,791	+ 55,751
1905	..	..	..	863,040	+ 136,540
1904	..	..	..	726,500	—

The table showing the state of the reserve at this period of the four recent years, shows that the reserve is in a somewhat stronger condition than it was on November 23, 1906 (p. 111), though it is still less than it was a year ago.

XXXIV. BRITISH RESERVE STOCK OF RAW COTTON.

February 22.				Reserve stock.	Change on previous year.
1907	..	..	..	Bales. 980,030	Bales. — 196,170
1906	..	..	..	1,176,200	+ 250,190
1905	..	..	..	926,010	+ 316,680
1904	..	..	..	609,330	—

The comparative value of the British reserve on February 22, during the past four years is shown by the following table:—

XXXV. VALUE OF BRITISH RESERVES OF RAW COTTON ON FEBRUARY 22.

				Value per pound.			
Bales.				d.		s.	
1907	..	..	980,030	..	..	5·97	.. 12,185,000
1906	..	..	1,176,200	..	..	5·74	.. 14,066,000
1905	..	..	926,010	..	..	4·27	.. 8,241,000
1904	..	..	609,330	..	..	7·54	.. 9,515,000

(iii.) *The American Position.*—The American figures are now published to December 31, and illustrate, when compared with Table XXVIII. on p. 111, the cessation of the "holding-off" policy.

XXXVI. CASH PAID TO UNITED STATES FOR RAW COTTON.

(12 months, ending December 31.)

		1905.	1906.	Change in 1906.
		Dollars.	Dollars.	Dollars.
United Kingdom	..	177,066,012	173,081,254	— 3,984,758
Germany	..	90,049,378	109,080,748	+ 19,011,370
France	..	45,848,449	44,948,077	— 400,372
Italy	..	23,100,895	31,407,751	+ 8,306,856

Taking the sales of the United States as a whole, the following table shows the effect of the comparatively higher prices obtained in 1906.

**XXXVII. CASH RECEIVED BY THE UNITED STATES IN RESPECT OF EXPORTS
OF RAW COTTON.**
(12 months, to December 31.)

				Number of bales sold.	Cash received.
					Dollars.
1906	..	..	..	7,450,110	413,137,936
1905	..	..	..	8,009,374	392,600,644
1904	..	..	..	6,561,643	368,839,188
1903	..	..	..	7,091,926	378,635,778

(iv.) *British Sales of Manufactured Goods.*—The total export sales of cotton goods manufactured in Britain in 1906, to December 31, was £99,602,535. It is interesting to glance at the vast growth of this trade during the last decade.

XXXVIII. EXPORT OF COTTON MANUFACTURED GOODS FROM UNITED KINGDOM.

								£
1897	..	..	..	..	..	..	..	63,973,401
1898	..	..	..	..	..	..	..	64,900,777
1899	..	..	..	..	..	..	..	67,547,908
1900	..	..	..	..	..	..	..	69,750,279
1901	..	..	..	..	..	..	..	73,685,614
1902	..	..	..	..	..	..	..	72,458,100
1903	..	..	..	..	..	..	..	73,611,731
1904	..	..	..	..	..	..	..	83,873,746
1905	..	..	..	..	..	..	..	92,010,985
1906	..	..	..	..	..	..	..	99,602,535

SUGAR.—Sugar remains steady. Cane sugar, on March 2, 1907, was 8s. 3d. per cwt., and beet 9s. The table of British imports for 1906 sums up the extent of the reaction from the corner of 1905.

XXXIX. SUGAR IMPORTED INTO UNITED KINGDOM.
(12 months, to December 31.)

Year.				Quantity imported.	Price paid.
				cwts.	£
1906	..	..	..	29,352,449	19,471,811
1905	..	..	..	33,356,744	17,299,809
Difference	..			4,004,295	2,172,002

Thus in 1906, Great Britain obtained 4,004,295 cwts. more sugar for £2,172,002 less money than in 1905.

PRICES GENERALLY—(i.) *British*.—British prices remain very high, approximately at the level that they occupied in 1880 or thereabouts.

XL. BRITISH INDEX NUMBERS OF PRICES OF COMMODITIES.

Year.	"Economist."	Sauerbeck.
End of December, 1906	2499	79·7
" January, 1907	2494	80·0
" February, 1907	2521	80·7
January, 1906	2342	75·2
" 1905	2136	71·2
" 1904	2197	70·4
" 1897	1950	62·0
" 1880	2538	88·0 (average)

(ii.) *American*.—The American prices remain at the same high level as the British, indeed they are, if anything, rather higher. The comparative tables are as follows :—

XLI. AMERICAN INDEX NUMBERS OF PRICES OF COMMODITIES.

1907.	"Bradstreet."	"Dun."
January 1	8·9072	107·264
February 1	8·9853	107·366
March 1	9·0293	109·913
1906—March 1	8·2321	104·204
1905— "	8·0976	101·939
1904— "	8·0682	103·615
1897—January 1	6·1164	75·502

In connexion with these index numbers, it is interesting to note the abnormally high rate of discount at the Bank of England.

XLII. RATE OF DISCOUNT AT THE BANK OF ENGLAND.

1907. January 17	5 per cent.
1906. October 19	6 "
" " 11	5 "

The price of silver also remains high in its relationship to gold.

XLIII. PRICE, PER OZ., OF STANDARD SILVER.

1907. January 3	32½
" February 7	31½
" March 7	31½

MISCELLANEOUS.—(i.) *British Unemployed Returns*.—The following table shows the number of working days lost through unsettled labour disputes. It will be seen that the large disputes in operation during October and November, 1906, have been settled.

XLIV. BRITISH LABOUR DISPUTES. WORKING DAYS LOST.

				1906.	1906.
				1906.	1907.
December	..	..	..	198,900	201,300
January	..	..	..	213,600	167,100
February	..	..	..	193,400	117,400

The trade union percentage of unemployed at the end of February, 1907, was 3·9 per cent.

XLV. PERCENTAGE OF BRITISH UNEMPLOYED (T.U.) DURING MONTH OF FEBRUARY.

Per cent.					Per cent.				
1894	..	..	..	6·3	1901	..	..	..	3·9
1895	..	..	..	7·9	1902	..	..	..	4·3
1896	..	..	..	3·8	1903	..	..	..	4·8
1897	..	..	..	3·0	1904	..	..	..	6·1
1898	..	..	..	4·4	1905	..	..	..	6·2
1899	..	..	..	2·6	1906	..	..	..	4·7
1900	..	..	..	2·9	1907	..	..	..	3·9

The present percentage is low, though not as low as in 1896–7. In 1899–1900 the percentage was abnormally low, owing to the war.

(ii.) *British Pauperism*.—The total number of paupers relieved continues to fall steadily, as will be seen from the following table :—

**XLVI. NUMBER OF BRITISH PAUPERS RELIEVED ON ONE SELECTED DAY.
(35 selected urban districts.)**

			1906.	1906.	Comparison with previous year.
			1906.	1907.	
December	..	..	405,069	392,716	— 12,344
January	..	1906. 464,885	408,016	396,195	— 11,821
February	..	416,129	413,055	402,343	— 10,712

This continued steady decrease in pauperism is very gratifying.

(iii.) *Work at the London Docks.*—The average number of labourers employed at the London Docks per day has been as follows :—

XLVII. AVERAGE NUMBER OF LABOURERS, PER DAY, AT LONDON DOCKS.

	1905.	1906.
December	12,928	12,210
January	13,635	13,805
February	12,643	12,665

(iv.) *Seamen shipped.*—The number of seamen shipped during 1906 was 465,417. This compares with 440,198 during 1905, or an increase of 25,219. The completed figures for recent years are as follows :—

XLVIII. NUMBER OF SEAMEN¹ SHIPPED IN GREAT BRITAIN.

	Number.	Comparison with previous year.
1904	431,528	—
1905	440,198	+ 8,672
1906	465,417	+ 25,219

(v.) *Price of Bread.*—The following table, based on returns from British Co-operative Societies, gives a fair idea of the average quarterly fluctuations of the price of a 4-lb. loaf in Great Britain :—

XLIX. VARIATIONS IN PRICE OF BREAD IN GREAT BRITAIN.

	1904.	1905.	1906.	1907.
	d.	d.	d.	d.
March 1	5'30	5'53	5'35	5'14
June 1	5'31	5'43	5'34	
September 1	5'38	5'43	5'23	
December 1	5'55	5'39	5'17	

The present price is thus the lowest of the four years.

(vi.) *British Railway Goods and Mineral Traffic Receipts.*—The completed returns for 1906 of this excellent index of British home-trade activity show record receipts of £54,084,984, or £1,480,238 (2·8 per cent.) above 1905. This is a larger increase than that

¹ *I.e.* separate engagements, not separate individuals.

recorded at the end of 1905, which was £679,099, or only 1·3 per cent. above the 1904 figures.

(vii.) *British Bankers' Clearings*.—The aggregate amount of bills and cheques cleared in the British bankers' clearing houses is as follows :—

L. BRITISH BANKERS' CLEARING RETURNS, 1907.

	Town clearing.	Country clearing.	Total.
	£	£	£
1907 (to March 6)	2,268,464,000	190,310,000	2,458,773,000
1906 "	2,235,848,000	187,745,000	2,423,593,000
Increase in 1907 .. {	+ £32,616,000 = 1·46 per cent.	+ £2,574,000 = 1·37 per cent.	+ £35,190,000 = 1·45 per cent.

It will be seen that the rate of increase has happily again slightly diminished since the publication of the last table.

(viii.) *The Price of Consols* is as follows :—

LL. COMPARATIVE PRICE OF CONSOLS.

1904 March 9 (reduced from 2½ to 2¼ per cent. on April 6, 1903)	..	85½
1905 " 8	.. .. .	91½
1906 " 7	.. .. .	90¼
1907 " 6	.. .. .	85½

THE TARIFF POSITION.—(i.) *The German-American Situation*.—The American Commercial Mission to Berlin concluded on January 25, 1907, and the American Commissioners have returned to the United States. It is reported that the sessions of the Conference were characterized by the greatest harmony, and it is understood that the Germans are asking for certain modifications of the customs regulations. In this connexion it will be remembered that the Americans were granted "most-favoured-nation" treatment from March 1, 1906, to June 30, 1907, in consideration of their agreeing to instruct their agents abroad to consult Chambers of Commerce and other trade organizations in estimating the value of goods to be exported to the United States. It is stated that it is not unlikely that the President may make some further modifications in the existing tariff regulations with the view of removing some of the grounds of German criticism. The negotiation of a new reciprocity treaty is a wider question, that cannot be taken in hand at present, and it will probably be relegated to the new Congress. This postponement will render it necessary for

the German Reichstag to resolve to prolong the *modus vivendi* with the United States, which will otherwise expire on June 30, 1907.

GENERAL ECONOMIC POSITION.—(i.) *British.*—The British position is still prosperous, the trend of all the returns almost without exception being in the direction of increasing employment and decreasing poverty. The unpleasant strain on the bank reserves however continues, but the early months of the year are not those in which the tension is most marked, and the chief effect so far seems to be a general depression of the values of securities. The high level of the British national expenditure is also a cause of some disquietude, but there are signs of a reduction, and it is, of course, very desirable that this heavy burden on the taxpayer should be cleared away before the next cycle of depression reaches these shores.

(ii.) *American.*—The American position is very much like the British, except that the strain on the bank reserves is rather more obscure in its workings and capable of greater evils. The Federal Treasury is now comfortably off. There are certain signs of dragging in the foreign trade, which may possibly be due to passing causes. The German tariff question also hangs rather uncomfortably in the horizon, and although there is great cordiality both at Berlin and at Washington, yet the permanent solution of this problem has still to be found.

(iii.) *Colonial.*—Prosperity continues to visit Canada, Australia, and India ; while depression reigns in South Africa as heretofore.

OWEN FLEMING.

LEGISLATION, PARLIAMENTARY INQUIRIES, AND OFFICIAL RETURNS.

THE Department of Agriculture and Technical Instruction for Ireland has issued a *Report on the Trade in Imports and Exports at Irish ports* in 1904 (Cd. 3237, 94 pp., 5½d.). The information is imperfect, and in part conjectural, for since the abolition of the separate Customs in 1825, there has been no separate record of the overseas trade of Ireland. The following table gives a summary of the trade of 1904 :—

	Imports.	Exports.
I. Farm produce, food-stuffs and drink :	£	£
(a) Live stock, meat, bacon, fish, and dairy } produce	3,023,170	23,445,122
(b) Crops, fruit, meal, flour, etc.	11,859,301	1,721,753
(c) Spirits, porter, ale, cordials, etc. ..	919,161	4,222,194
(d) Tea, coffee, tobacco, spices	4,230,478	1,121,267
II. Raw materials :		
(a) Coal	2,663,523	—
(b) Wood, hewn and unhewn	1,880,095	235,479
(c) Minerals	1,012,822	232,061
(d) Animal and vegetable products ..	4,529,002	3,067,398
III. Goods partly manufactured or of simple } manufacture	7,966,148	2,576,963
IV. Manufactured goods	17,059,611	9,934,145
	£55,148,206	£46,606,432

The poverty of Ireland does not prevent her from doing her fair share of the overseas trade of the United Kingdom. Either her poverty is exaggerated, or the assumed connexion between prosperity and overseas trade altogether fails to hold good in her case.

The Home Office has issued a *Memorandum on the International Conference on Labour Regulation*, held at Berne in September, 1906 (Cd. 3271, 21 pp., 2½d.). "It is obviously desirable that, when the circumstances permit, restrictions on industrial methods intended for the benefit of the workers employed, should be adopted in competing countries at the same time and in equal degree" (p. 3). Those who have followed the results of New Zealand's experiments in the regulation

of the terms and conditions of labour, will know how the variations in the degree with which labour was regulated in different portions of the colony gave differential advantages to some manufacturers. The results of the previous conferences at Berlin in 1890, and Berne in 1905, had been very meagre. As a result of the conference last year, night-work for women was prohibited, and the contracting countries undertook to see that efficient steps were taken to prevent it. The use of white phosphorus, which causes necrosis or "phossy jaw," in the manufacture of matches, would have been prohibited but for the refusal of Sweden, Spain, Portugal, and Japan to agree to it. At the previous conference the British Government had also refused, because the Home Office regulations of 1900 were considered a satisfactory alternative. Since that year there have only been five cases, three slight and two fatal, and prohibition would have led to the importation of matches made by foreigners, who could use white phosphorus, to the injury of the home manufacturers, who could not.

The certainty of fresh legislation on the subject of land tenure in the near future, gives additional value to three recent blue books dealing with the land question. To begin with, the Board of Agriculture has issued a *Report on the Decline in the Agricultural Population of Great Britain, 1881-1906* (Cd. 3273, 143 pp., 8d.). It is based on the answers to a schedule of questions given by the correspondents of the Board, who are selected for their expert knowledge of agricultural conditions in their own localities. The last three census returns give the following results :—

Class.	1881.	1891.	1901.	Increase (+) Decrease (-)	
				1881-91.	1891-1901.
Farmers and graziers ..	279,126	277,948	277,694	- 1,183	- 249
Farm bailiffs and foremen	22,895	21,458	27,817	- 1,442	+ 5,864
Shepherds	33,125	31,686	35,023	- 1,439	+ 3,336
Agricultural labourers and farm servants	983,919	866,543	689,292	- 117,376	- 177,251

There are some differences in the classification in the three censuses which are allowed for in the table. Yet there is apparently a discrepancy which is not allowed for, and not even mentioned. Agriculture in this country seems to differ from other industries, since a very large decrease in the labourers employed is accompanied by a large increase in foremen and bailiffs. It may indicate several things, e.g. a large increase in the number of farms, but of this the *Report*, excellent as it

is, says nothing. The decline in the employment of casual labour is greater still, and consequently Irishmen have almost ceased to visit England. The decline, as a whole, is due to, or at any rate, is compensated by, the use of labour-saving machinery. Self-binders, we are told, have done away with three-fourths of the extra staff formerly required at harvest time.

"The reductions of the past twenty or thirty years," says the *Report*, "have an importance greater than those recorded previously." The Elementary Education Act of 1870 made a great inroad on the supply of juvenile labour for agricultural purposes, and subsequent and more stringent regulations have practically shut off this source of cheap production. Less wages from the children necessitated more wages for the father, and as the seventies saw the high tide of agricultural prosperity, wages increased considerably. "From this period," the *Report* continues (p. 10), "dates a change in the relationship of masters and men. Agricultural labour attained economic freedom, and if it did not acquire at once quite the same degree of mobility as industrial labour, it became, in the economic sense, fluid. Henceforward, the old familiar semi-patriarchal relationship, under which the labourer was partly bullied and partly petted, was replaced by a more commercial spirit, and the tie between masters and men became almost exclusively a cash nexus." After 1879 the decline set in. Schedule A of the income tax has fallen from £60,000,000 to £42,000,000, in sympathy with a fall of wheat from a minimum of 45s. per quarter in the seventies to a minimum of 22s. in the nineties.

The trend of agricultural wages in the three decades is very instructive.

From 1871 to 1881 agricultural wages rose 11·8 per cent.

"	1881	"	1891	"	"	1·3	"
"	1891	"	1901	"	"	5·0	"

The decrease in the supply of juvenile labour and the consequent efforts of the adults to get higher wages by combination, are visible in the first decade; the supply of labour continued to fall in the second, but the demand for it fell off equally, owing to the introduction of labour-saving machinery on the 15½ million acres still under the plough, and the conversion of two million acres of arable into grass, thus dispensing with the services of sixty to eighty thousand labourers. This, then, is the explanation of the facts from the side of demand. The *Report* gives four reasons for the reduction of the supply of labour. They are, of course, commonplace, but they deserve to be repeated now that they have at last obtained the sanction of an official report. There is (i.) The disinclination to labour on the land. The one hope

for the future is that this is only a disinclination to labour on some one else's land, and if so, the evil is not beyond the reach of remedy. Some of the correspondents attribute this to education, others, more wisely, to the fact that the education given in rural schools is not of the right kind. (ii.) The higher money wages obtainable in towns and on the railways. (iii.) Bad or deficient housing is reported from thirty counties as a contributing cause. The labourers, none too soon and far too slowly, are getting able to distinguish between hovels and houses, and prefer the latter; and they are aided by the increased demands of local authorities. (iv.) Finally, there is the lack of incentive to remain on the land. There is not much prospect if one does remain, and the *Report* goes on to discuss the topic of the hour, which is also the subject of two other important blue books. The following tables show the distribution of land in Great Britain amongst holdings of various sizes in 1905:—

Size of holding.	England.	Wales.	Scotland.	Great Britain.
Above 1 and not above 5 acres	81,232	10,342	18,685	110,259
" 5 " " 50 "	166,622	31,671	34,673	232,966
" 50 " " 300 "	109,498	18,008	23,055	150,561
" 300 acres	14,792	408	2,718	17,918
Total	872,144	60,429	79,181	511,704

Or, reduced to percentages for the purpose of comparison:—

Size of holding.	England.	Wales.	Scotland.	Great Britain.
Above 1 and not above 5 acres	21·83	17·11	23·61	21·55
" 5 " " 50 "	44·77	52·41	43·82	45·53
" 50 " " 300 "	29·42	29·80	29·14	29·42
" 300 acres	3·98	0·68	3·43	3·50
Total	100·00	100·00	100·00	100·00

The *Report of the Departmental Committee . . . on Small Holdings* (Cd. 3277, 61 pp., 6d.) and the *Minutes of Evidence* taken before it (Cd. 3278, 542 pp., 4s. 5d.) are invaluable aids to the study of this important question. There is a tendency, unavoidable perhaps, when great and complicated questions become the theme of popular discussion, to slur over difficulties and to imply, if not to assert roundly, that nothing but an Act of Parliament is required to usher in an agricultural millenium. One very obvious consideration shows the

unwisdom of this course. The last inquiry on this subject was in 1890, and the Small Holdings Act of 1892 was the result. "The small holdings created under that Act," says the present *Report*, "have been less in number than its authors anticipated." If we judge the extent of these anticipations from their public utterances, which does not seem unfair, we are bound to admire the restraint of this gentle comment. Up to December 31, 1902, 248 acres had been sold in 72 holdings, and 374 acres let in 166 holdings. Since that date 138 acres have been added to this meagre total. Of the 72 holdings acquired by small holders under the Act, 32 are in Worcester, 25 in Ross and Cromarty, 14 in Cambridgeshire, and 1 in Devonshire. There is an interesting account (*Report*, p. 4, *Evidence*, 1816 *et seq.*) of the gradual disappearance of the "statesmen" of Westmoreland. This has been brought about "partly by the fact that trust funds limited to investment in land caused value to be placed on land in the neighbourhood greater than these 'statesmen' could resist." They were tempted to sell at the high prices they could obtain. One body of trustees even gave 50 years' purchase for land for this purpose. Another cause was that in cases of subdivision at death the older members of the family had to borrow on mortgage to buy out the younger. Witnesses were of opinion that the decrease of "statesmen" has been good economically, as it has resulted in better farming. The *Report*, though going far in its recommendations, wisely avoids optimism as to the probable results of legislation on the lines proposed. The correspondents of the Board of Agriculture report from twenty counties that there is no demand for small holdings, and though from the rest the reports show that there is a demand which the present Act does not satisfy, the Departmental Committee agree that "it is impossible to shut one's eyes to the fact that the desire to own land is less strong than it is in Ireland or on the Continent." A man can rent a bigger farm than he can buy by instalments, and thus make a bigger income. Even where there is the desire to own a small holding, the capacity to make it pay may be, and is likely to be, absent. The following is a summary of the committee's recommendations :—

1. In addition to the machinery provided by the Small Holdings Act of 1892, the provision of small holdings should be assisted by the intervention of a Central Government Department, and special branches of the Board of Agriculture should be formed for England and Scotland to make experiments in the creation of small holdings. The Board should, through these departments, secure suitable land, set it out, subdivide it, equip it, and find purchasers or tenants for it. The expenses should be defrayed by an annual grant from Parliament, and

the Board should make an annual return showing the progress of the work.

2. The Small Holdings Act of 1892 should be amended by the substitution of one-eighth instead of one-fifth as the portion of the purchase money to be paid down by the would-be small holder. The county councils should have power to defer payment of subsequent instalments.

3. Loans for the equipment of voluntarily supplied small holdings should be advanced by the Treasury at the lowest possible rate of interest.

4. The curriculum of rural schools should be modified so as to afford a training in and foster a liking for rural pursuits.

5. The Board should in all possible ways encourage the growth of co-operation in agriculture.

Having gone over one set of small holdings created by the Worcestershire County Council under the Act of 1892, it is clear to me that, when the conditions are favourable, the creation of a community of small holders is a task which can be successfully accomplished by governmental agencies. If one reflects how much of the acknowledged and regrettable inertia and incapacity of the rural labourer is the result of conditions of which he is the victim and not the creator, it is impossible not to urge on the erection of a machinery by which he may get the chance of improving his lot.

GEORGE W. GOUGH.

REVIEWS.

THE WHEEL OF WEALTH: Being a Reconstruction of the Science and Art of Political Economy on the lines of Modern Evolution. By JOHN BEATTIE CROZIER. [xi., 526 pp. 8vo. 12s. 6d. net. Longmans. London, 1906.]

By the significant title given to his treatise, Mr. Crozier emphasizes at the very outset the ambitious nature of the mission he has undertaken, and proclaims *arbi et orbi* the revolutionary character of his designs. Nor is the decisive language used by him, as his plan unfolds, at variance with this initial declaration. At the end of his book he repeats a characteristic comparison made more than once before between his attempt at a "reconstruction of the science and art of political economy" and the famous substitution of the "developed" Copernican for the "crude" Ptolemaic astronomy. I can imagine that, while some readers will be attracted, others might be deterred, by the frank avowal of these high pretensions. And yet the argument elaborated in this volume with exhaustive pains is one with which all serious students will do well to reckon; and Mr. Crozier is a systematic thinker of deserved repute. His scheme has not been lightly conceived or hastily fulfilled. His book represents matured opinion, based on independent study of a wide range of diversified material. It is a vigorous exposition of a reasoned creed. I would venture even to commend it to the patient consideration of those "academic" economists, happily still flourishing, whom Mr. Crozier towards the close of his treatise, with characteristic impartiality, includes for various reasons in the same comprehensive condemnation as that in which he has embraced already the whole line of succession of dead exponents of the "orthodox economy" from the Physiocrats to J. S. Mill. They may dissent from the unkindly views formed of themselves and others by their emphatic critic. They may consider him unfair, but they can hardly fail to be interested in his handling of the difficult questions he successively assails with no lack of erudition and no trace of levity or timidity.

Mr. Crozier indeed seems to me, although I sympathize with many of the opinions he puts forward, to be too comprehensive in his criticism.

In some instances, also, I feel that in the subsequent development of his argument he does not substantiate to their full extent the very large contentions with which he starts. He is prone to throw aside reserve in his statements. Perhaps he forgets or ignores sometimes the proverbial difficulty of establishing a negative. Perhaps he is betrayed by an extravagant controversial ardour into an excessive catholicity of censure. Almost the only economist permitted to emerge from a wreckage, which drags down Professor Marshall in England, Dr. Böhm Bawerk in Austria, and Professor J. B. Clark in the United States—who possess at least this common characteristic, that they are among the most recent and distinguished of exponents of economic theory—is Mr. J. A. Hobson; and, in spite of a handsome tribute paid with lavish hands to his exceptional merits, it must be remembered that, by the curious irony of a capricious fate, he is a free trader, while Mr. Crozier devotes a considerable portion of his book—and that not the least independent or informing—to a demonstration of the verities of protection.

It is not, I think, unfair to infer from evidence furnished in this volume that Mr. Crozier has a *penchant* for destructive criticism. He produces on my mind, at any rate, the impression of being happier in his blame than in his praise. His choice of Mr. Hobson, who, he argues, has been consistently neglected by “academic” economists, as the single individual to whom the saving truth, hidden from them as well as from their “orthodox” predecessors, of the relations of the production and the consumption of wealth, has been alone revealed, might itself be cited as an illustration of a greater capacity for criticism than for eulogy. And, by contrast with the pertinence and strength of much of his negative animadversion, the positive “reconstruction,” which he essays, is, to me at any rate, somewhat disappointing. It possesses, I believe, less novelty than Mr. Crozier assigns to it. It is not so much a new discovery as a more emphatic reassertion of a position which has been accepted through a tolerably large area of recent economic thought. In robustness of conception and completeness of performance Mr. Crozier’s work in this portion of his treatise is, I think, hardly commensurate with the high promise previously held out. Our author himself at times appears to be conscious that he has not done much more than make a tentative beginning; although, it is evident, no shadow of misgiving crosses his easy confidence that he has effected a thorough clearance of the ground from the specious but rotten structures which previously encumbered it.

Yet, I would again venture to affirm, no candid reader can peruse this weighty volume from commencement to conclusion without being

sensible that he has been in beneficial contact with persuasive reasoning of uncommon quality. No earnest seeker after truth will, I dare to assert, lay down the book without a vivid sense of the powerful stimulus, sometimes compelling, and sometimes provocative, he has received. Mr. Crozier is a writer of rare dialectical ability; and for that reason, if he be hostilely disposed, he shows no lack of vigilance or pertinacity in his assaults on the positions defended by his foes. He can lead a sustained argument by devious tracks to a distant goal. He can bring up opportunely from fresh directions unsuspected reinforcements. He will press his artillery home with full effect to every pound of ammunition used. He will detect with rapid insight the weak places in opposing fortifications, and seize a passing advantage with disconcerting promptitude. He uses with great skill repetition—that powerful weapon of persuasion, when deftly and not clumsily employed. He avails himself as opportunity offers of the strong illumination cast by appropriate metaphor on difficult and intricate turns of argument. His logic is bracing and, when occasion demands, subtly insinuating. He does not spare his followers, but demands their serious and continued effort; and he pays them the compliment of avoiding a superficial survey of ground which needs thorough exploration.

From the space given to Free Trade and Protection, which form the subject of the second and largest of the three sections into which the book is divided, it is natural to conclude that the fiscal controversy has furnished the appropriate occasion, if it has not supplied the dominant motive, for Mr. Crozier's animadversions on the "orthodox economy." He alludes incidentally to a certain manifesto from professors and teachers which has acquired some fame, and, if I may be permitted here to make a personal reference to a matter which might now perhaps more profitably be forgotten, the publication of that manifesto aroused greater concern in my own mind for the unfortunate impression it might convey to the plain citizen of the condition of economic study and the mental attitude of economic students, than for any permanent influence it was likely to exert upon the actual controversy. In this particular view I may have been mistaken; but Mr. Crozier's book affords some confirmation of my fears. It would, no doubt, be possible to quarrel with his reiterated use of the term "orthodox" to represent a body of definite doctrine, which could be precisely stated as the creed held in its entirety indiscriminately by a school of thinkers to all of whom such a label would unhesitatingly be applied. The dissensions prevalent between those writers whom he names were so considerable as to make the term, convenient though it be for argumentative purposes, misleading if treated as a distinctive badge of complete or abiding union. But

there is more justification for his reference to recondite "esoteric" teaching, hidden from the vulgar, who should be content to accept the *ipse dixit* of "expert" authority. The manifesto of the economists seemed to constitute such an appeal to "technical" authority; and on that account it appeared to me to reproduce bygone days, when the distinction between the "orthodox" and "heterodox" was more of a reality, rather than represent the happier epoch in which economists have been more recently content to dwell, recognizing readily the possibility of divergent views, and prepared to accord a patient considerate reception to new developments of opinion prompted by altered circumstances. There are additional reasons, besides the transitory incident to which I have alluded, for regarding the issues between free trade and protection as a test case of the adequacy or correctness of current expositions of economic principles; and, in my judgment, the section of Mr. Crozier's treatise devoted to this subject is the most significant portion of his book.

In the first part, which is styled "Reconstruction," he advances some pertinent suggestions, such as his remarks on the misleading unreality of the severance between producers and consumers, which is suggested by the familiar division of systematic text-books into separate sections, treating of the production of wealth as if it were a process preliminary to and not simultaneous with that of exchange and that of distribution. He hints, too, here at an instructive consideration which he develops more fully later, both in his second and in his third and final part. In the former, in answer to Adam Smith, he contends that it is not alone, or, indeed, especially in agriculture, that nature works along with man; and in the latter he maintains that it is from this large and effective co-operation of the forces of nature with "fixed capital" that a true "surplus" arises. The possessors of this capital are, he urges, thus able to "exploit" those who do not possess it. So much of truth, it is curious to notice, attaches in his opinion to a well-known thesis of Karl Marx, although Mr. Crozier would argue that Marx conceived the position wrongly, and explained the details of the process incorrectly. He does not, however, adopt the view entertained by Walker and others of the work of the entrepreneur, but regards his importance in production as exaggerated by these writers. This instance may serve as an appropriate sample of his independence of attitude. His metaphor of the "wheel of wealth," appropriate and suggestive as it is, forms scarcely so original a contribution to the "reconstruction" of new principles of economics in place of the old discredited "orthodox" dogmas as he conceives. In intention, at least, the idea is not very distinct from that substitution of a "flow" for a "fund" which has

been favoured by some modern economists, even of that large class which is condemned by Mr. Crozier. It has, indeed, been connected specially with theories of wages, but the notion has been extended to other departments of economic theory. And again, while it is true that the consumption of wealth, which Mr. Crozier would promote to a position equal or superior to that of production, was comparatively neglected by the older exponents of the "orthodox" economy, it has filled a larger place in the schemes of later "academic" writers than Mr. Crozier is disposed to recognize. He appears to share with Mr. Hobson, who, he holds, has alone expounded the true doctrine on the subject, the questionable tenet which rests virtually on an identification of "saving" with "hoarding." But it would not be difficult to show that even the older economists were as ready to allow as Mr. Crozier himself is eager to contend that "saving" by capitalists of the ordinary pattern involved "consumption." Mr. Crozier, as I believe, surrenders the key of the position when he explains that the consumption which he postulates as necessary to "saving" need only be consumption by somebody somewhere, possibly other than those engaged in saving, but possibly also those identical individuals. To "fixed capital" he gives a larger extension than the sense in which the term has usually been employed. But the metaphor of the rigid stick of limited length, from which the more you remove, the less you leave, is no inapt representation of certain characteristic erroneous or misconceived opinions of the "orthodox" economists; and it is contrasted effectively by Mr. Crozier with the revolving wheel.

In the third part of his book, which is styled "Critical and Historical," he visits with a condemnation no less stringent and comprehensive than that which he has in his first part directed against the "orthodox" economists those later "academical" writers, who are, he holds, their true lineal descendants. For, with some differences, they have, he urges, fallen into the same characteristic errors. But here, once more, Mr. Crozier challenges disagreement by his controversial ardour. It is possible to endorse his opinion that the "dynamical" point of view is more important in economics than the "statical," and to assent to the statement that both Professor Marshall in this country and Professor J. B. Clark in the United States have devoted their strength, hitherto, to the exposition of the latter aspect of the dual problem. A "reconstruction" of the science of political economy "on the lines of modern evolution" would certainly appear to require the prominence of dynamical conceptions. But Mr. Crozier in his own essays at this new work is not conspicuously successful. His movements appear to be tentative rather than secure, and to suggest that he is experimentally

feeling his way in a strange country. He disappoints expectations which might legitimately have been aroused by earlier utterances. And at the end of the discussion an uneasy suspicion may haunt the attentive reader that he has been introduced to nothing very novel, but, after all, has been put off with something like obvious commonplace.

Under these circumstances, which are not perhaps surprising, it is impossible to regard as satisfactory Mr. Crozier's curt dismissal of Professor Marshall. For he acknowledges that that distinguished writer, in his apt comparison of production and consumption to the upper and lower blades of a pair of scissors, which perform their work not singly but in combination, exhibited an insight, foreign to Jevons or his predecessors, into the true conception of the relations of production and consumption. But, he maintains, Professor Marshall did not follow up the glimpse thus momentarily caught. It was left for Mr. Hobson to supply the full and correct exposition. In this account he renders scant justice to a writer, the main text of whose discourse is the mutual interaction of forces mutually determined and determining. Mr. Crozier's own sermon on this theme is not more impressive than Professor Marshall's previous exhortations. I think, indeed, that Mr. Crozier underrates the strength of the general tendency of academic economic thought from Jevons onwards to emphasize the consumption of wealth, although his acumen enables him to place his finger on certain defects in Jevons' statement, and, in criticizing Dr. Böhm Bawerk, he exhibits a dialectical ability equal to that possessed by the Austrian economist himself. But I venture to hold, though I may be wrong in the belief, that Mr. Crozier has not been at the same pains to understand Professor Marshall as he has bestowed on the other writers whom he assails, and for that reason has failed to render him full justice.

This conception of mutually determined and determining forces which Professor Marshall has emphasized is a debt which economic speculation owes largely, if not entirely, to the mathematical treatment of theory. But I at least am not anxious to disagree with much of the criticism passed by Mr. Crozier on the use or abuse to which mathematical methods of study may be put. I adopt his view of the necessary limitations to which the application of mathematics to economics is subject. I think that those limitations are in danger of being passed by recent writers. I hold that the mathematical treatment is open to an objection which Mr. Crozier himself rather hints than states. It is only too possible for abstract speculation, withdrawn from constant contact with concrete fact, to use what is necessarily subjective as if it afforded an adequate explanation or interpretation of what is on the

contrary objective, and to confound the mental representation of things with the actual things themselves. I can easily conceive that dexterous manipulators of mathematical niceties may entertain the illusive feeling that they have solved a rough practical problem because they have applied to its solution an instrument of refined elaboration. The sense of power imparted by the skilful employment of a delicate piece of subtle and intricate mechanism may readily engender a fallacious confidence. But it is curious to find that Mr. Crozier, while rejecting the psychological apparatus of marginal increments and decrements, employs similar expressions or identical ideas as the last words in his account of certain economic phenomena (such as the causes fixing the rate of interest) when they have been "put upon" his favourite "wheel." His contention, however, that rent, wages, and profits tend in the actual world, not to equality, but inequality, is original and persuasive, and the stress which he lays on the influence of combination is justified, although this potent force had been already emphasized, in a less degree, by the more recent of "academical" economists.

On the fiscal question, to which Part II. of the book is devoted, I find myself more fully and continuously in accord with Mr. Crozier, although I reach some of his conclusions by a different route from that by which he has travelled. It is certainly ingenious to connect Adam Smith's advocacy of free trade with his peculiar conception of the hierarchy of the various modes of employing capital, and then to point out that the modern free trader rejects that hierarchy. The comparison of the argument used by Mr. Pigou on the automatic influence exercised upon the relation between the imports and the exports of a country by the passage inward and outward of gold, and of the similar less extensive contentions put forward by other writers about the corrective self-adjusting action of the foreign exchanges, to the mediæval fancies of perpetual motion, is not unjust, and is felicitous. The distinction drawn by Mr. Crozier between the effects of an output of fresh gold from the mines distributed throughout the world, and the ordinary movements of bullion from country to country, undisturbed by this new factor, is, I believe, correct and pertinent. In the expositions generally given by the older economists the distribution of the precious metals between different countries was, in order of treatment, placed subsequently to the discussion of international trade and value, and regarded as a distinct additional element in the problem; and Mr. Pigou has, I think, unduly strained the older conception by the use to which he has put it for the purpose of this special controversy. Mr. Crozier is, in my judgment, justified in his unfriendly characterization of the "esoteric" doctrine, which postulates

the existence of an inexhaustible store of wealth belonging to the world in common, on which an unlimited drain can be for ever made successfully by different nations. But, while I agree with his conclusions, I do not agree with all the reasoning by which he reaches them. For through a large part of the discussion he appears to me to be using the term "prices" where he should more properly have employed the expression "values"; and the validity of his argument, as he states it, is, I think, affected prejudicially by this misuse. Nor does it seem to me to be wholly legitimate to link Adam Smith's enforcement of free trade indissolubly with his order of the employments of capital, and to argue that it stands or falls with that.

But, on the other hand, with Mr. Crozier's distinction between "complementary" and "competitive" exchange, of which the former is alone advantageous to both parties, and the latter is the very reverse to the one or the other; with his contrast between the momentary passing conditions of the exchanges of goods, which are represented in comparisons of present exports and imports, and the more permanent and important influences arising from the possession, conscious development, and jealous custody of the instruments of production; with his argument that what is for the good of the world as a whole is not necessarily good for every independent nation in the existing state of civilization;—I unreservedly agree. Economic theory appears to me to need revision in the light of considerations such as these; and I think that Mr. Crozier has pursued the only satisfactory course by digging down to the foundations. Treated thus, I cannot see that the crucial question between free trade and protection can be answered otherwise than in the way in which he here replies. It is in my opinion idle trifling to urge that, while free trade is an ideal for the future, protection is the best policy to pursue at present. For, with universal free trade, an increase in the total wealth of the world might still coexist with, and in fact involve, the sacrifice of some among the constituent nations of that world. This, as Mr. Crozier shows, obviously happens within those areas where free trade now prevails. The interests of certain districts in a country, or of certain classes in a community, are necessarily subordinated to those of others. So long, therefore, as independent nations exist, it is arguable that injury wrought to one of them may mean, not a gain, but a loss to civilization as a whole. Mr. Crozier admits frankly that protection may bring political corruption in its train; but it is none the less the only effective means, under certain not unusual circumstances, of ensuring economic growth or even of preserving a separate national existence. Hence, although, as he acknowledges in his preface, he fears that he will "outrun the sympathy

of the hardest and most thoroughgoing of protectionists," he has considered reasons for his faith. He has rendered a service to the cause of truth by giving candid full expression to those powerful reasons.

L. L. PRICE.

THE FAMILY. By HELEN BOSANQUET. [vi., 344 pp. Crown 8vo. 8s. 6d. net. Macmillan. London, 1906.]

Mrs. Bosanquet's study of the family in prehistoric and historic times is evidently based on wide reading, and is written with the authoress's well-known ease and clearness. The book is most interesting where it deals with subjects remote and picturesque, but is less successful in treating of modern conditions. Mrs. Bosanquet tries to show that the modern family, having lost the stability that comes from the possession of or attachment to a piece of ground, can and does regain that stability by "continuity of work;" that is to say, by adhering to the same occupation from generation to generation. In support of this theory, Mrs. Bosanquet brings forward recorded instances of industrial occupations descending from father to son, and she quotes the great banking and commercial houses, and the fact that the sons of professional men generally enter one or other profession themselves, as being instances of "continuity." No doubt there are many such cases—it would be strange if there were not; but one rather doubts whether such continuity is a general characteristic or concomitant of success. One of the most remarkable features of our social life is surely the tendency which so many families show to move either up or down, instead of remaining in their original grade. As Hansen shows in his interesting book, *Drei Bevölkerungsstufen*, the most energetic and successful brain-workers are often separated by only a generation or two from the artisan or agricultural class. On the other hand, how often the sons of successful men seem to be born a little tired, a little bored, content to live on inherited earnings, and without interest in the *technique* or organization of their trade. Mrs. Bosanquet is impressed—who is not?—by the magnificent persistence of ancestor-worship and family tradition in Japan, and she would fain see equal weight given among ourselves to the traditions of the family in determining the ethics and efficiency of its members. But very few Englishmen outside the aristocracy know much of their family history, and among the aristocracy it is doubtful whether a large proportion would find very edifying food for their moral and intellectual life in studying the deeds of the dead. In manual work the tradition of what was great in mediæval times seems to be almost irretrievably lost—more's the pity—and the most characteristic

industries of our time, those of the great engineering group, can have little tradition, for the simple reason that so much of the work is quite new. Surely the future is for most of us a more compelling inspiration than the past.

It is difficult to understand why Mrs. Bosanquet says in her Preface that little attention is given to the subject of the family. Reports and inquiries into the condition of the people, so far as my own reading goes, are generally full of references to the family, and to the effects of the industrial revolution on the constitution of the home, the employment of women and children, and so forth. It is curious that Mrs. Bosanquet should have made so little use of this material. Even the sweated trades, where often the family is really the industrial unit, are dismissed with a passing reference to "degenerate types." It is possible to agree with Mrs. Bosanquet that the family is a necessary and admirable institution, and yet not to take quite so optimistic a view of its organization at a particular point of time and space as she does. For instance, she thinks nothing but the responsibilities of family life will ever raise the average man "to his full degree of efficiency." If efficiency means the qualities that are best paid, this is quite true. The family man is generally committed to choose the most remunerative work he can get, for the sake of his children. But if he can get better remuneration by increased advertising, for instance, than he can by minute and careful study into the technique of his work, he will have an overwhelming motive (under competitive conditions) to spend the money in advertising, and sacrifice his scientific curiosity. The best business is not always the best work. Again, Mrs. Bosanquet is in her happiest vein in showing how the family arises for the protection of offspring, as naturally as the plant sheathes its bud, and she fears State intervention and "artificial institutions" will injure that protection. But surely the principle of association is as "natural" as the family itself; and what is the State but a further development of the principle of association? Why should not a community use its best thought and care for the good of all? The day is past when the family could exist as an independent unit, socially or industrially; it has now to seek a more organic relation with the community, as a condition of its own existence. Surely the vital problem of the present time is to protect the family, not from the State, but from itself: among the working classes, from the need and recklessness that makes them sacrifice their children's future for bread; among the wealthy classes, from the selfish isolation and exclusiveness that wastes so much latent power.

The Family has no index; and it has a terrible number of capital

F's. "*The Family*" I can understand; but why a Family, rich Families, poor Families? Otherwise the book is printed and produced with all the excellence one expects from its publishers.

B. L. HUTCHINS.

LES LOIS D'ASSURANCE OUVRIÈRE À L'ÉTRANGER.

III. Assurance contre l'Invalidité. Deuxième partie. Par MAURICE BELLOW, Ingénieur au Corps des Mines. [v., 715 pp. Large 8vo. 18 frs. Rousseau. Paris, 1906.]

This volume—the ninth of the series, which it is announced that the tenth, to follow shortly, is to conclude—is not the least interesting of this well-edited collection. It deals with provident insurance, or else State pensions, applying to cases of what the Germans have very comprehensively called "invalidity," that is, disablement of any description whatever except accident—be it old age, or illness, or decay. Even so the author is not able to keep his matter strictly within the bounds which he has set himself, for he is necessarily driven into giving the substance of the new measure proposed in Austria, which is to weld all State-assisted workmen's insurance into one. A similar consolidating reform, in favour of which there is very much to be said, seems already practically decided upon in Germany. Apart from this matter, the volume reviews the action thus far taken, with or without the result of legislation actually passed, in Belgium, Denmark, Spain, Italy, Norway, Sweden, the Netherlands, Roumania, Russia, Servia, Switzerland, and the United Kingdom. The United Kingdom may be thought to have been dealt with in a rather step-motherly fashion. For we have, at any rate, some old age insurance by friendly societies and trade unions (about £200,000 a year by the latter), of which the author says nothing. And when he writes about the attempts made to force State-assisted old age pensions upon Parliament, he might have spared a few words for our Old Age Pensions Committee, which, while doing its best to promote purely provident old age pensions insurance, opposes on principle any drafts to be made upon tax-raised funds. Two noteworthy items in the volume are the accounts severally of the Austrian miners' provident societies, and of the State-assisted insurance scheme of Neuchâtel. These are both of great interest. Belgium has since 1900 followed in the wake of other continental countries, voting 15,000,000 francs and more annually towards State-regulated old age pensions. The Italian scheme, in the promotion and application of which the savings banks and some people's banks have played a leading part, is likewise interesting. It represents an attempt to give an equivalent for

German State-aided old age pensions without heavy drafts upon State funds, which cannot in Italy stand much strain, while maintaining a qualified principle of provident self-help. In the other countries noticed State-regulated old age and invalidity insurance is still for the most part in a state of *μᾶλλον*. There are, as in preceding volumes, bulky "annexes," filling 342 pages, giving the exact text (in French) of laws and regulations in force.

The great value to students and legislators of this very accurate review of legislation becomes plainly apparent now that the series approaches its close and admits of an appreciation of the wealth of material which it contains.

HENRY W. WOLFF.

LES ANTAGONISMES ÉCONOMIQUES — INTRIGUE, CATASTROPHE ET DÉNOUEMENT DU DRAME SOCIAL. Par OTTO EFFERTZ. Avec une Introduction, par CHARLES ANDLER, Maître de Conférences à la Faculté des Lettres de Paris. [xxvii., 566 pp. 8vo. 12 frs. Giard et Brière. Paris, 1906.]

Herr Effertz is a Marxist who has found Marxism wanting. He admits its premisses. The world is bad. There are oppression, injustice, and fraud to be met with at all points. "There is not a dollar which has not the smell of wickedness attaching to it." And the cause is, that there is—as the title of the present book proclaims—economic antagonism everywhere among producing forces. To go back to Paley's famous simile: Here is a watch; others look into it and find its mechanism most ingenious; power and resistance are so admirably adjusted and so nicely balanced as to produce useful trustworthy movement. Herr Effertz finds in it nothing but noxious "antagonism" among the various parts. Wheel hinders wheel. And there is that plaguey spring stopping the free rotation of the wheel! It must be got rid of. "The manufacturer exploits the workman, and is in his turn exploited by the banker." It does not appear to have occurred to the author that without the manufacturer the workman might find himself even worse off, and so might the manufacturer without the banker. There is downright ludicrous overdrawing in the picture which Herr Effertz here presents. All this is designed to establish the necessity of socialism, which is supposed to eradicate antagonism. However, socialism as now taught Herr Effertz finds to be open to other objections. It could not possibly work in practice. More particularly is it wrong in assuming labour to be the one sole factor in production. And to bring it round to the truth, acting on a hint thrown out by

Sir William Petty ages ago, Herr Effertz calls in physiocratic doctrine to help him, and bases upon it, blended with modern socialism, his own ingenious "ponophysiocratic system," the name of which describes its character. The primary factors of production, according to this new theory, are both "labour" and "the soil." M. Andler, more aptly than encouragingly, terms this a sort of economic "bimetallism."

There is a great deal of skilful argument exhibited in the advocacy of this new theory. The pages bristle with algebraic formulas, most of which take the shape of equations. There is also a great deal of picturesque illustration, scarcely erring on the side of sobriety, and rather too much apophthegm. However, when all is said, the novel system leaves a great deal undetermined, and does not seem to lead to any final point. German economists have, as the author himself relates, rejected his offering unanimously, and almost with scorn. However, the Faculty of Letters of Paris has received a thesis based upon it *summa cum laude*. And M. Andler, in his preface—and even the staunchly anti-socialist *Monde Economique* of Professor Beauregard—declares that "Herr Effertz's theory must undoubtedly take rank among the classical systems of political economy."

So be it. But it remains to be seen what judgement British economists will pronounce upon it.

HENRY W. WOLFF.

THE TAXATION OF THE LIQUOR TRADE. By JOSEPH ROWNTREE and ARTHUR SHERWELL. Vol. i., Public-houses, Hotels, Restaurants, Theatres, Railway Bars, and Clubs. [xxii., 537 pp. 8vo. 10s. 6d. net. Macmillan. London, 1906.]

We have been led to expect thorough workmanship in any investigation undertaken by Messrs. Rowntree and Sherwell, and certainly no one should feel disappointed with the present volume in this respect. Indeed, if any one is inclined to be hypercritical, it might be suggested that the authors' general scheme is planned on too elaborate and extensive a scale. Their object is to make a comprehensive survey of the taxation of the liquor trade, and this volume is only the first of three which are in preparation. It deals mainly with taxation as it falls upon the publican, in respect of public-houses, hotels, restaurants, theatres, railway bars, and clubs. The second volume will deal with the rest of the retail and wholesale liquor licences, and the third volume will make a detailed examination of the beer and spirit duties.

The authors begin with a historical sketch of the origin and development of our present licensing system. They then proceed to show that the existing scale of taxation is both inadequate and anomalous, and

endeavour to emphasize their point by particular comparisons with the various standards of licence duties in the Colonies and America. No less than thirty diagrams are provided, mostly in colours, to illustrate in graphic form the statistical conclusions arrived at in the text. In chap. xii. the resources of the trade are considered with a view to its capacity to bear additional taxation, and it is argued that "whatever increase in the taxation of beer and spirits has taken place since 1880, the limit of taxable capacity is far from reached, and that, in fact, the trade has received important concessions from the nation for which the community has received no fair return" (p. 441).

A further anomaly is connected with the exemption of clubs from the payment of licence duties (chap. xiii.). The figures given for 540 clubs in England and Wales show that, with a total membership of 163,227, or an average of 302 per club, their aggregate takings for refreshments in a single year amounted to £431,323, or an average of £800 per club. At the present moment the registration fee of five shillings only brings in a revenue of £135 from these 540 clubs, while the imposition of a 5 per cent. tax on their sales of liquor would produce something over £21,000 a year.

It must be admitted that a fair case can be made out for increased taxation of the liquor trade. "Taking the whole of the United Kingdom, the number of public-houses has fallen from 96,727 in 1881 to 91,502 in 1904—a decrease of 5225, or 5·4 per cent. Meantime the population has increased from less than 35,000,000 to nearly 43,000,000, an increase of 23 per cent. The estimated national expenditure upon alcoholic beverages has also increased during the same period by at least £23,000,000, or 16 per cent. That is to say, despite a marked *decrease* in the number of public-houses and a marked *increase* in the population, and in the national expenditure upon alcohol, the scale of licence taxation remains as it was in 1880" (p. 474).

On the other hand, it should be remembered that, as compared with the United States, though our licence duties are relatively lower (6*d.* per gallon of absolute alcohol as compared with 3*s.* 4½*d.* in America for the year 1896), our excise revenue from beer and spirit duties is higher (7*s.* 9*d.* against 6*s.* 9½*d.*). On the existing scale of 9*s.* 1*d.* per gallon, the total revenue from liquor taxation in the United Kingdom amounts to £40,603,000; whereas, if we applied the Massachusetts scale of 11*s.* 2½*d.* per gallon, it would mean an additional revenue of £9,597,000.

The chief practical suggestions of Messrs. Rowntree and Sherwell are—(a) "That it is in the interests of revenue and of temperance to substitute for the present basis of taxation a system of public tender whereby the monopoly value of licences may be automatically

determined, and the recurrence of the compensation difficulty be prevented." And (b) "That as a first step towards the recovery of the full monopoly values of licences, and as a means of securing to the State full and absolute control over all licences, a time-notice should be given to all holders of existing licences in final and definitive settlement of all claims to 'equitable consideration'" (p. 509).

J. CARTER.

THE SOCIOLOGICAL THEORY OF CAPITAL. (Reprint of New Principles of Political Economy, 1834.) By JOHN RAE. Edited by CHARLES WHITNEY MIXTER, PH.D. [New York. Macmillan, 1905.]

This is not merely a reprint of Rae's work on Capital, for the whole book has been recast by Professor Mixter, who has also added a biographical sketch of the author, and some explanatory notes. It was necessary to change the form of the original book, but even now it cannot be regarded as satisfactory. The title is more concise than formerly, but it does not give a just idea of the contents; while the relegation of certain long chapters, dealing with criticisms of Adam Smith, to the Appendix, may make the beginning of the book less deterrent, but cannot succeed in making of it an harmonious whole. The editor has done his work with care, and has been most conscientious in explaining the extent of his alterations; but the book is still an unwieldy one, covering many subjects, and containing chapters of disproportionate lengths. Besides this, parts of it are written in a calm, logical tone; parts of it are controversial in character; there are many repetitions; and, on the whole, it lacks concentration, though, scattered among its pages, are many valuable thoughts.

This want of concentration is the defect of all Rae's work. He was an able, but an ineffective writer, who left much of his work unfinished, and whose laborious style is unconvincing. His life was a hard one, and continued failure evidently embittered him. Under more favourable circumstances he might have achieved great things; the persevering reader is struck by his breadth of view, his freedom from conventionalities of phrase, his open mind, his wide reading. But even these excellencies, and the care of the editor, have been unable to make this a readable book.

According to the revised arrangement, the earlier chapters deal with capital or stock. The motives which lead to its accumulation are first examined, in the case of individuals, and in that of nations. The quotations from both ancient and modern writers are numerous,

and often enlightening. Rae gives the name of "instruments" to the various forms of capital. He speaks of the apparently limitless possibilities of economic expansion; of the way in which man is led on by nature from one invention to another. Yet his view is far from being bounded by economic considerations; he comments at some length upon the "social and benevolent affections," and the part that they take in human life. He becomes even more eloquent when discussing the inventive faculty in general, as it appears in art, literature, and philosophy. The examples quoted cover a wide field, but are somewhat haphazard; there is, in fact, no general grasp of the subject; and when about halfway through the book, the author finds himself in the Appendix.

It is chiefly here that certain interesting criticisms of Adam Smith are found. Thus, Rae regards stock as a primary idea; and exchange (which is merely the first step of division of labour) as its derivative; while Adam Smith takes them in the reverse order. But, since production and exchange react upon each other, such an argument seems fruitless, unless taken in conjunction with historical inquiry. Then, again, Rae points out that the interests of the nation and of the individual are not identical. This statement occurs in more than one connexion. It chiefly enters into his discussion of the *Laissez-faire* question, where he says that the nation creates or produces wealth, while the individual merely acquires wealth at the expense of some other individual. There is an element of truth in this distinction, but it omits the two opposite possibilities, and cannot be regarded as final. A long space, containing copious quotations from Bacon, is also devoted to a refutation of Adam Smith as an inductive philosopher. This attack seems hardly necessary. Adam Smith was doubtless more of an observer than of a philosopher; he cannot claim consistency; he must only stand as one of the pioneers of patient investigation into the facts of economic life.

In his criticism of *Laissez-faire*, Rae touches upon the question of protection. As Professor Mixter observes, he does not mention any attendant dangers of protection, nor any of its political effects. But much of his reasoning is theoretically sound. He shows that, as man is part of nature's scheme, his conscious economic action cannot be looked upon as "interference." Again, he asks, Why should Adam Smith always take it for granted that it is unwise for the legislator to intervene? For the legislator simply represents one bond by means of which individuals can act together, viz. that of the State. Indeed, he has an advantage over an individual in a private capacity, because he is not so closely limited, either in discretion or in resources. No

doubt, legislators must not convey to a country an industry which is by nature unfitted for it. But most arts have been conveyed from one country to another by their means ; and Adam Smith's hostility to them rests on no reason, but was merely the outcome of the circumstances of his time. Rae's arguments on this subject become wearisome by undue expansion, and they are too theoretical to lead to any conclusions ; for, as his editor remarks, he understood little of politics. But they show independence of thought ; and, if condensed, might lead to a clearer understanding of the question of State action, in its broad outlines.

Two other subjects are treated at some length in the Appendix ; these are luxury and banking. The remaining sections are mere fragments ; and we think that they would be better omitted, as they are not of sufficient value for separate study.

Rae distinguishes well between luxuries, which are dissipated, and utilities, which are exhausted ; both, in economic language, being consumed. He points out that anything is a luxury which only satisfies the desire for vanity, and not any actual want. This desire for vanity depends upon the rarity of the commodity, not upon its intrinsic qualities ; and herein lies the test of whether any commodity is wholly, or in part, a luxury. This leads us to the subject of taxing luxuries, which is pure gain, because it is a means of checking economic waste. If further condensed, this would be the most useful part of the book, and worthy of a more prominent place in it. To make the subject clearer, Rae would have done better to divide commodities into three classes—necessaries, comforts, luxuries—rather than into only two. It would then be necessary to show how impossible it is to draw an exact dividing line between them. Rae partly acknowledges this, but in some of his examples he shows the usual tendency to set up an absolute standard ; thus he does not sufficiently recognize the æsthetic value of any article which does not happen to be attractive to himself.

In treating of banking, Rae does not enter into elaborate commercial details, but seeks to prove how the banking system accelerates exchange, taking Scotland as his object-lesson. The book ends with a few fragments from the author's notes ; while the editor adds a tabular statement of his editorial changes.

Professor Mixter has made the best of an impossible task ; it would have been better, perhaps, if he had given up the hope of forming a homogeneous book, and had presented the best of Rae's work, in the form of separate essays, under short titles. In this way, all that is valuable in them would have been preserved. In their present form, I fear that in spite of the editor's laborious efforts, these ideas will not reach even the studious reader.

M. W. MIDDLETON.

UNDENOMINATIONALISM AS AN EDUCATIONAL PRINCIPLE.

COLERIDGE is said to have observed, no doubt under the impression that he was uttering a brilliant paradox—"Common sense is intolerable unless based on metaphysics." But paradox is often nothing more than disguised platitude: and if he meant that those, who in any controversy profess to represent the common sense of the nation at large, are under a special obligation to state the general principles underlying their position, he was merely clothing in epigrammatic language a truth which is almost painfully obvious. Now in the present educational controversy the "Undenominationalist" party has confidently claimed to voice the good sense of all moderate men; but so far it has failed to present us with anything like a philosophy of Undenominationalism. It is therefore a pleasure to read a recent article in this Review,¹ containing an admirably lucid exposition of the theoretical principles—psychological and theological—which form its logical foundations: such, indeed, is the apparent strength of the arguments there set out, that a few words of comment and criticism from one who takes the opposite view may not be out of place. Space will not permit us to examine all the premises which the writer assumes, though many of them are highly disputable. There are, however, three main contentions, which together constitute the citadel of the Undenominationalist position, and therefore in a special manner challenge attack. These may be briefly summarized as follows.

The first maintains that the religious instruction of children should appeal to the emotions, and not to the intellect. It

¹ *Economic Review*, January, 1907, "Christian Education in Elementary Schools," by W. Temple.

ought not to consist of abstract dogmas or be given by means of creeds, catechisms, and fixed formularies. The experience of religion should come first, the intellectual formulation of that experience last. This first contention is intimately connected with the second, which tells us that the essence of Christianity is something above and beyond doctrine—something which can only be imparted to the children by the moral force of the teacher's own personality. The various dogmas of the Churches are merely summaries or analyses of religious experience, all more or less inadequate, which are never necessary (and in the case of children generally injurious) to spiritual growth. The third argument is based upon the "national" character of the English Church, and it is urged that a "national" Church should not set itself in opposition to the national sentiment in such a matter as religious education. And the conclusion upon which these three lines of argument converge is that the undenominational form of Christianity is the right and proper religion for children, whatever may be its validity for the adult intellect.

It is at once obvious that the first contention raises a question of simple psychological fact. Is it or is it not possible, in point of fact, to teach such a simple statement of Christian doctrine as the Apostles' Creed to children aged between seven and fourteen years, without producing either no results, or definitely injurious results? How far, in short, ought Christian education to appeal to the understanding, as distinguished from the will and the emotions? The question must, in the last resort, be decided by the verdict of the Church's history. But, before adducing evidence to combat the assertion that the logical understanding practically does not exist at all in children of the age specified, it will be as well to remove one misunderstanding which has caused a great deal of confusion. The supporters of the denominational principle do not wish to train the children up to be theologians so much as Christians. That is, they consider the Lord's Prayer, the Ten Commandments, the Apostles' Creed, and the Catechism to form the indispensable intellectual framework in which the facts of Biblical history and spiritual experience may be held together. But they have

not the least desire to teach young children the abstract doctrines of the Perichorêsis, or the *Communicatio Idiomatum*; all that is asked for is that the great doctrines of the Trinity, the Incarnation, the Atonement, the Church, and the Sacraments should be set before the children in broad and simple outlines, without scholastic refinements or metaphysical elaboration. The frank proclamation of this principle (emphasized equally by Protestants like Pestalozzi and Catholics like Dupanloup) would probably do much to conciliate those whose repugnance to the instruction of children in the doctrines of the Church is not inspired by the *odium theologicum*. But in any case it is curious to observe that the author has himself unconsciously laid his finger upon the weak spot in his argument, in telling us that—

“No greater mistake can be committed in dealing with such a question as this than to make a clean division between the emotional and the intellectual, as though one could exist in entire independence of the other, and as though one could be added to the other from without.”

The intellect and the emotions mutually interpenetrate and suffuse each other, and any attempt to treat them as discrete entities is bound to lead us into error. It follows that a true educational method must appeal to both, and not exclusively to one or the other. Hence it is equally wrong to present Christianity to the childish intellect as a system of metaphysical propositions, devoid of all practical significance or emotional colouring—and to present it as a mass of vague sentimentalism, without the intellectual framework necessary to bind it together and give it stability. And the contention that religious education, more than any other, ought to appeal to the intellect, is supported by the fact, well-known to all students of child-psychology, that one of the earliest activities of the nascent intellect consists of theological and metaphysical speculation. It seems, no doubt, at first sight incredible that young children should concern themselves with the ultimate problems of religion and philosophy, such as the being of God, the mutual relations

¹ *Economic Review*, January, 1907, p. 4.

of Divine omnipotence and human freedom, and the origin of evil; and yet that it is so is vouched for by many writers on educational theory. We may cite, for example, the words of Jean Paul Richter—

“In general even the questions, that is, the objects of proper metaphysics, are among children, as among the uneducated classes, much more active and common than one supposes, only under different names; and the four-year-old child will ask, what lies behind the curtains of the hidden world, whence is the origin of God, and so forth.”

It often happens that a child stands holding his father's hand, whilst he listens for a moment to the agnostic orator in Victoria Park on a Sunday afternoon. No one supposes that the child understands, or takes any notice; but on Monday morning he startles the elementary school teacher by observing, “What I want to know is, who made God?” A mass of interesting and amusing evidence about the theological speculations of children has been collected by Mr. James Sully, in his fascinating book, *Studies of Childhood*. The instances which he gives seem to show conclusively that children will theologize, whether we like it or not; and it is surely wiser to guide and educate this tendency than to ignore it altogether. Perhaps one historic instance may be given, which illustrates more clearly than abstract discussion can do the strength of the “theological impulse” in childhood. It will be remembered that as a boy Goethe was shaken in his faith by the earthquake at Lisbon. “God, the creator and preserver of heaven and earth,” he says, “whom the first article of our faith declared to be so wise and benignant, had not displayed paternal care in thus consigning both the just and the unjust to the same destruction. In vain my young mind strove to resist these impressions. It was impossible; the more so as the wise and religious themselves could not agree upon the view to be taken of the event.” These doubts subsided after a time, but left him dissatisfied with the forms of the established religion. He resolved to seek a means of approaching the Infinite in a more direct way. Unable to ascribe a form to God, he resolved to seek Him

in His works, and, in the old Biblical fashion, to build an altar to Him. For this purpose he selected some types such as ores and other natural productions, and arranged them in symbolic order on the ranges of a music-stand; on the apex was to be a flame, typical of the soul's aspiration, and for this a pastille did duty, which was ignited at sunrise by means of a burning-glass. This incident shows us that even so abstract a truth as that of the Divine immanence in nature, generally supposed to be the last discovery of the educated Christian, is capable of being grasped by the youthful intellect as well as by maturer minds. The boy-priest was the true precursor of the poet of pantheism.

These facts may, perhaps, help us to estimate at its true value the contention that children cannot "understand" Christian doctrine. No doubt it is true to say that a child cannot "understand" the doctrine of the Incarnation, if by "understanding" be meant a full and perfect knowledge of the cause, meaning, and effects of that tremendous mystery; but then no more can the adult "understand" it. No human being, whether young or old, can hope in this sense to "understand" the deep things of God; and if they wish to be logical, the advocates of Undenominationalism should maintain that this doctrine should be taught neither to children nor to adults. On the other hand, if by "understanding" the mystery of the Incarnation we mean reverently believing that He who was born of Mary is "Perfect God and perfect Man, of a reasonable soul and human flesh subsisting," and acting in accordance with that belief—then the experience of Christendom, the examples of the child-martyrs of the primitive Church and the child-saints of the Middle Ages show that the capacity for "understanding" the central truths of religion is not confined to any one time of life. And we may further urge (in spite of the high authority of a certain eminent theologian) that it is a mistake to confuse the faculty, whereby the eternal truths of the spiritual order are apprehended, with the ordinary scientific understanding. Surely Kant has proved once for all that the scientific understanding is limited in range to the domain of sensuous experience,

and cannot overstep its bounds without falling into insoluble contradictions. The spiritual activity which we call Faith is an energy of the whole soul, and therefore contains elements of intellection, volition, and feeling; but in essence it is something higher than any of them. It has more in common with the intuition of the poet or the seer than with the inductions of the man of science. Hence it is that the invisible things of God are often hidden from the wise and prudent, and revealed unto babes.

This tendency to disparage or discredit the capacity of children for the apprehension of Christian doctrine is really the survival of the old "Protestant" idea, that the child has no rights in the family of God and that only grown-up people can be Christians in the full sense of the word—the idea which lies at the root of the Anabaptist theory, and would forbid children to be present at the Eucharist, as though they were unbaptized or possessed. It is an idea which is profoundly at variance with the facts of human nature. For instruction in doctrine (always, of course, in a form suited to the youthful intelligence) is absolutely necessary to ensure that the religious ideas of the young shall develop in a healthy and wholesome way. The religion of most children is anthropomorphic and materialistic; there is always a tendency to interpret the unknown in terms of the known, to conceive of God as a respectable citizen dwelling in a self-contained villa somewhere up in the clouds. So far from "crushing out the sense of mystery," judicious instruction in the ineffable attributes of the Triune Deity will refine and spiritualize these gross conceptions, thus precluding the danger of a sudden lapse into precocious scepticism. On the other hand, children of a more highly strung and imaginative temperament require doctrinal instruction to prevent the "theological impulse," which we have seen to be inherent in the childish mind, from running to seed (as it were) in the shape of fantastic or grotesque superstitions. But it must always be remembered that the defenders of Church teaching are not contending that mere doctrine can save a man. If I may be pardoned for repeating the point, I would again insist that we do not wish to make

the children mere theologians. No one desires to teach the children a set of arid dogmas, isolated from the practical and emotional elements of our religion, or to exhibit an "unearthly ballet of bloodless categories" to the uncomprehending gaze of childhood. What is essential is that the child should realize from the first that he is a member of the catholic Church—that he has been incorporated into a vast system stretching throughout the universe, of which the Church militant here in earth is but the fringe—and that he is heir to all the immemorial treasures of catholic thought and devotion, a "fellow-citizen with the saints" in a better city than Plato ever imagined, a "member of Christ, the child of God, and an inheritor of the kingdom of heaven." In truth, "Church doctrine" is most idealistic, for it teaches us that "our citizenship is in heaven"—and yet most realistic, for it holds out to us the sacraments as the visible symbols and pledges of social brotherhood upon earth. There is no one so simple that he cannot "understand" it if it is preached fearlessly, and practised consistently.

The view of the educational value of doctrine which we have been trying to indicate may be summarized in a few words. Church, Bible, Creeds—these are the triple outgrowth of a single principle; and children are capable of receiving Church doctrine just in so far as it is presented to them as the intellectual aspect of the Church's corporate and sacramental life—and no further.

We may now turn to the second or philosophical argument in favour of Undenominationalism. This has been admirably stated in the article to which I have before referred, and I cannot do better than quote the author's exact words—

"We can neither expect nor desire that one interpretation of the gospel should become universally accepted at any time short of the final consummation; it is not to be hoped that the unsearchable riches of Christ should be expressed in any Church formulary, or fathomed by any one body of men at any one time. If Christ is what the Church asserts that He is, it is necessary and even desirable that the further interpretation of His Work and Person should be indefinitely various. . . . All the doctrines—Pauline, Petrine, Jacobine, Alexandrine—are fragmentary and inadequate formulations or analyses of

the same truth, which in all its fulness of material, though without analysis, we set before the children whom we would fain so educate that the same mind may be in them which was also in Christ."¹

According to this view, the essence of religion consists of a transcendent and ineffable experience, of which the various doctrines are so many imperfect summaries. We have a distinction drawn between the central truth or core of religion on the one side, and its particular manifestations and expressions on the other. The Truth is one, indivisible, and indefinable; but various isolated aspects of it have been grasped by individuals or sects, and summarized more or less inadequately in dogmatic formulæ or embodied in Church organizations. And the contention of Undenominationalists is that it is possible to present the truth as it is in itself to the minds of children independently of the manifold interpretations which the Churches have placed upon it, claiming that the State is thereby enabled to bring up its children piously and Christianly, without conferring any privilege or advantage upon any one Church or school of opinion. This theory seems to be closely akin to what is known as "Pragmatism," though many of its advocates would no doubt repudiate the connexion; at any rate it appears to share the dislike of "intellectualism" in religion which is now one of the distinctive marks of Continental Protestantism. It regards Christianity as a "religion of the spirit" rather than as a "religion of authority," and its message not as a coherent system of objective truth divinely revealed, but as a formless mass of inarticulate experience, out of which each man or each Church carves the creed which satisfies his or its individual temperament. A detailed examination of this theory would require more space than is at our disposal; but one or two simple objections may be briefly indicated. In the first place, such a view is really a disguised scepticism. If all doctrines are equally untrue, and true only so far as they satisfy the individual, the knowledge of God, which Christ declared Himself to bestow upon the world, becomes impossible. In the second place, the argument based upon the distinction between

¹ *Economic Review*, Jan. 1907, p. 1.

the central core of religion and its external expressions is logically unsatisfactory. The multiplicity of interpretations does not prove that the reality can be apprehended apart from each and every of the interpretations. To say that the essence of Christianity is something apart from the sacraments, because men happen to disagree about the value of sacraments, is to be guilty of a mere *non sequitur*. But the third and fatal objection lies in this fact. Undenominationalism claims to be simply neutral in its attitude, to pass no judgment whatever upon the whole domain of sacramental experience. And yet, in the nature of things, it cannot be neutral; for every negation contains an affirmation, and every omission implies a positive precept. The claims of the sacramental system are such that they cannot be ignored without being virtually denied. The radical self-contradiction of Undenominationalism has been so luminously exposed by the late Canon Moberly that I make no apology for quoting from his pamphlet, *Undenominationalism as a Principle of Primary Education*—

“Men think of Undenominationalism as purely negative, as though it taught nothing at all about the things which it omits. On the contrary, it teaches that they are to be omitted; and this in respect of such things as creeds, ministries, and sacraments, necessarily amounts to teaching that they are, at the most, immaterial; and this is hardly distinguishable, if distinguishable at all, in experience, from teaching that any earnest teaching about them is positively mischievous because positively false. It cannot be too often or too strongly insisted that there is no such thing as purely negative teaching. . . . You cannot, by any possibility, forbid the teaching of what is distinctive—which will include all creeds, catechisms, ministries, sacraments, Church duties and privileges, and everything which belongs to Christian theology or experience—without thereby necessarily teaching, through the very prohibition, that insistence on these things may be amiable but must be untrue. You are not only teaching this but teaching it with a force the more irresistible because it is silent and (as it were) automatic. You are teaching a fundamental habit of mind which the pupils whom you mould will never wholly forget.”¹

Undenominationalism, it is claimed, contains the essence of Christianity. But what, after all, is the true differentia of our

¹ *Op. cit.*, p. 7.

religion? It is not merely the intellectual apprehension of a system of doctrine; it is not merely the attainment of a high moral standard, though in it both reason and will find full scope for their activities. It is surely a life to be lived in relation to a Person—a life so unique that one who had lived it was able to assert that he no longer lived, but Christ lived in him. The essence of Christianity may thus be described as Life or Power. We may well shrink from attempting to carry controversy into such a high region, or to define the nature of the *unio mystica* between the believer and the object of his worship; but so much at any rate is clear, that the Christian religion is in its essence dynamical. "I am come that they might have life, and might have it more abundantly." This Life or Power, according to the ancient belief of Christendom, flows down from God to man through certain appointed channels, which are its normal means of transmission; though at certain times and in certain individuals and nations it may and does overflow those channels. In plain language, this living force is found at its whitest heat in the sacraments of the Church, though it may and does exist apart from them. No doubt many who read these words will not be able to assent to this view of the means whereby the Power is brought to bear upon human life, but they will at any rate agree that it cannot energize *in vacuo*. That is, there must always be a vehicle or instrument for its operation. Mr. Temple, the author of the article already quoted,¹ appears to recognize this fact when he emphasizes the part played in education by the personality of the teacher; and we gladly agree with all that he says about the insensible influence of a religiously minded teacher upon his pupils. He observes, with great truth, that "Nothing can be a substitute for personality;" but that is precisely the contention of the sacramentarian party, who maintain that in and through the corporate life of the Church men are brought into contact with the Lord's Personality just as really as those who saw His face or heard His teaching in Galilee. And all, whether they agree with this contention or not, would probably admit, upon reflection, that the personal

¹ *Economic Review*, Jan. 1907.

influence of the teacher is not strong enough or permanent enough to constitute a religious and moral sanction enduring for a lifetime. The influences of home and school need to be supplemented by the consciousness of membership in a great and venerable society. As the Bishop of Birmingham has pointed out, a religion which is really to sway the hearts and minds of men must be a definite, concrete, real religion, firmly rooted in the world of hard facts; it must be either Roman Catholicism or Scotch Presbyterianism or Greek Orthodoxy, or some such historical and determinate system. Now Undenominationalism is not such a concrete, real religion; it is a mere aggregate of theological and ethical propositions arrived at by a sort of Method of Residues. It involves a double abstraction; it first of all abstracts the doctrine and morality of the Church from her devotional and sacramental life, and then abstracts what it conceives to be the "fundamental" elements in them from their context. Such an abstraction is inherently vicious, and its results are bound to be two degrees removed from reality. And when we remember that even after this process of sublimation the final product is not to be in any way fixed or systematized, we seem forced to the conclusion that Undenominationalism is not merely self-contradictory, but abstract and unreal.

This unreal character of Undenominationalism is still more clearly shown by the fact that its advocates seem unable to agree amongst themselves upon its precise contents. With the Bishop of Carlisle it appears to include most of the traditional Christian faith, as expressed in the Creed, the Lord's Prayer, and the Ten Commandments; but with Dr. Clifford it is nothing more than the "literary, ethical, non-credal" use of the Scriptures; and the meaning of the word "Undenominationalism" oscillates between these two opposite poles of thought without anything to determine its position other than the private idiosyncrasy of him who uses it. It is a Protean conception, which changes as we attempt to grasp it. Even in Mr. Temple's article it appears to waver between the mere reading of the life of Christ accompanied by the "maximum of reverence and the minimum of explanation," on the one hand, and the full teaching of the

Christian faith, only given by means of parable and precept rather than in dogmatic formularies, on the other. The fact is that Undenominationalists do not possess any logical canon whereby the fundamental elements of Christianity may be discerned from those that are not fundamental; and hence they are obliged to postulate an "undenominational man," an ideal being who is to be for religion what the Aristotelian *φρόνιμος* was for morality. But the "undenominational man" turns out on closer examination to be a twin brother of the "economic man" of Ricardo. He cannot be simply identified with the man in the street or the average British citizen; for, according to the account of his creators, he is content to affirm without denying; whereas the average British citizen, whatever form of faith or unfaith claims his allegiance, is more conspicuous for the vehemence of his denials than for the definiteness of his affirmations. Whether he would have any claims to be regarded as a theological authority, if such an identification could be effected, is another question, to be considered presently; but it is at any rate clear that a religion which is not merely abstract and self-contradictory, but vague and nebulous, has not much claim to be taught either to children or adults. The advocates of Undenominationalism are surely asking a hard thing, when they urge us to offer our children, not the living bread of catholic life and belief, but a jejune and fictitious system, which does not even possess the reality of a stone.

If the reader has assented to our conclusions so far, no further proofs of the unsatisfactory character of Undenominationalism (whether as an educational or a theological principle) are needed. But we have still to deal with a further argument in its favour, addressed in a special manner to Churchmen, and based upon the "national" position of the English Church, which demands our respectful consideration, if only because it states in definite language the view which is held in a hazy and indefinite way by multitudes of those who are Churchmen from convention rather than from conviction. It is urged that the need of a "truly National" Church becomes increasingly manifest with the growth of the sense of national unity. The nation is learning

more and more to live as a single individual; we are recovering the old Hellenic ideal of the State as an ethical organism, and it would be a calamity if this new-born corporate life were to be destitute of an organ for the development of its religious experience. Hence the English Church would be well advised to surrender its claims for the teaching of Church doctrine in the schools, so as not to set itself in opposition to the vast body of national religious sentiment. Nay, some would even assert that an Established Church has no right to resist the popular will in matters of doctrine; it exists solely in order to focus and express the religious aspirations of the nation, and must not presume to hold independent opinions of its own. This view, which has many distinguished supporters (notably Mr. J. St. Loe Strachey and Sir Oliver Lodge), may be conveniently called the neo-Erastian view. It holds that the English Church is, or ought to be, coterminous with the nation; that membership in her is obtained, not by the laver of regeneration, but by the conscientious payment of local and Imperial taxes; and that, so far from her imposing any doctrines upon the faithful, the faithful impose their own lack of doctrine upon her. She is, to use Mr. Birrell's phrase, a "Cowper-Temple Church"; and, therefore, ought to be content with the Cowper-Temple creed.

It cannot be denied that Undenominationalism and Erastianism are twin conceptions, which stand or fall together. But if there be any truth in the conclusions which we have reached with regard to the unreality of Undenominationalism, the Erastian conception of a National Church stands revealed as an artificial abstraction. We have seen that the "undenominational man" is an unreal chimera; and the "undenominational Church," the abstract unity of a crowd of such abstractions, must be still further removed from reality. Such a State Church would be, not a living thing, but a piece of dead machinery. An organism, even of the lowest rank in the scale of life, has the power of assimilating congenial and expelling foreign elements; whereas a carpet-bag receives impartially whatever is put into it. It is, I suppose, universally admitted that the neo-Erastian ideal cannot be realized under the existing conditions of religious life in

England. For the State Church is *ex hypothesi* to be contemporaneous with the nation, and yet, as Dr. Arnold saw, it must necessarily exclude all who cling to the historic sacramentarian form of Christianity. Certainly those who look upon the Church as the Body of Christ can have nothing to do with a theory which would apply this august title to a department of the Home Civil Service. But even supposing that such a Church could be established, it would only result in the impoverishment of the nation's spiritual life. This is doubtless a hard saying, but it may be defended upon the following grounds. Every race has one or more characteristic qualities which are perpetually tending to attain an undue predominance in the national character, and so by exaggeration to become national faults. For instance, the passionate races of the South possess a vivid realistic imagination, which clothes the concepts of religion in sensuous colours, and finds a profound satisfaction in the external trappings of Church ceremonial. This hyperæsthetic quality of the Latin peoples, which becomes most obvious to the foreigner in the painful realism of their religious art, is always threatening to overpower the intellectual element in their devotion, to confuse the symbol with the thing symbolized, and to replace intelligent worship by the merest fetichism. It is clear that a national Church in a Southern country which simply aimed at being the reflection of the national idiosyncrasy would be a curse instead of a blessing to the nation. It would simply stereotype and confirm existing tendencies to superstition. If then a national Church is to justify its existence, it must exert an educative and formative influence, not contenting itself with holding up the mirror to the nation's religious consciousness, but deliberately setting out to eliminate some elements in the national character and to emphasize others. Thus the Church of a Latin nation would hold in check the riotous exuberance of popular devotions, and seek, by way of restoring the balance, to develop and exalt the intellectual element in religion. To the neglect of this principle may be ascribed the state of religion in Latin countries to-day. Now the characteristic vice of the Englishman is his incurable

common sense; which, unless corrected and restrained within due limits, tends more and more to identify itself with a passion for the commonplace.

The Northern or Teutonic genius is essentially vigorous, practical, and objective, as contrasted with the emotionalism of the Latin races or the quietism of the contemplative East; and the very firmness of its grip upon the world of hard facts leads it to idolize material prosperity, and to shut its eyes to the 'mystic heaven and earth' which lie behind the veil of sensuous phenomena. Its besetting sin has always been the fatal tendency towards what Goethe called *Das Gemeine*—the commonplace or vulgar. It follows that if the Church is to be merely the theological handmaid of the nation, instead of its mother and teacher, the inevitable result will be the disappearance of all tender and gracious feeling from English religion, and its reduction to one lead level of monotonous Philistinism; and if it be said that such a theory of the Church is involved in the fact of Establishment, then let the Establishment go the way of all outworn political conceptions. Hence the fact (if fact it be) that Undenominationalism represents the great mass of religious feeling in the country is precisely the reason why it should not be established in the Church or the schools. There is only one thing worse than a superstitious Church—and that is a respectable church.

It is sometimes urged that Socialism, especially Christian Socialism, implies an Established Church. Space forbids a detailed examination of this argument; but we may point out that at Plato, in organizing his ideal city on a communistic basis, content to leave religious matters to be regulated by Delphi, the Holy See of the Hellenic world. It is no doubt true that those who are most deeply touched by the ideal of social brotherhood, and desire most keenly to see the end of our present stupid and chaotic social conditions, must also desire most earnestly to see the whole English nation brought within the fold of the one Church, as it was a thousand years ago, as it was three hundred and fifty years ago, as, in spite of losses, it was to a large extent one hundred years ago. But an artificial

unity, attained by a general sacrifice of principle, or imposed by the strong hand of the State, would have little binding force. It could not last, or if it did it would be because men cared too little for religion to disagree about it. "*Solitudinem faciunt, pacem appellant.*" Such a peace amongst the Churches would be the peace of death. The vision of Christian unity in England, splendid and inspiring as it is, can only be realized by the spontaneous return of all partial and fragmentary views into the fulness of the faith once delivered to the saints, not by the official enforcement of a system which we have seen to be impotent, unreal, and self-contradictory.

It is useless to urge that we are dealing with the education of children and not with the beliefs of adults. If the history of education shows anything, it shows that mental attitudes or habits are far more enduring than positive knowledge. A man may forget all the Greek he ever knew; but he can never forget the characteristic habit of mind—the analytic acuteness and the determination to bring everything to the test of reason—which the study of Greek induces. And so, if the future men and women of the country are imbued in youth with the Undenominational habit of mind—if vagueness is held up to them as a virtue and settled conviction as a vice—it is idle to expect that they will in later years arrive at the point from which the Christian believer contemplates his faith in its full majesty as an ordered system of eternal truth. The question is of peculiar importance at the present moment; for, if the signs of the times can be trusted, we seem to be upon the verge, if indeed we are not unawares in the midst, of a great religious awakening, comparable to the Evangelical movement of the eighteenth century, or the Tractarian movement of the nineteenth. We have now to decide whether this reviving enthusiasm is to be vitiated at the outset by an alliance with a false idea; and it is not too much to say that its success or failure depends upon the decision. False ideals have a fatal way of avenging themselves in actual life, for what is unphilosophical is in the last resort inherently unpractical.

N. P. WILLIAMS.

THE "INHABITED HOUSE" DUTY AS A GRADUATED TAX.

A SELECT committee of the House of Commons was appointed in the month of May, 1906, to inquire into "the practicability (a) of graduating the income tax, and (b) of differentiating for the purpose of the tax between permanent and precarious incomes." They reported (on Nov. 29, 1906) that both were practicable, though both were difficult. As they had interpreted their reference with some freedom, the Chancellor of the Exchequer has their authority for differentiating, in his Budget of April, 1907, between earned and unearned incomes. In that Budget graduation of the Estate Duty has been carried some steps farther; graduation of the income tax stands essentially where it did; but the differentiation introduced in the Budget requires declarations of income. Hitherto the indispensable practice of "levying at the source," or deducting from dividends before they pass to their various owners, has prevented us from knowing incomes. We could not tell with certainty the total numbers of income-tax payers above the line of abatement. We are now, under certain restrictions, to have a higher line of abatement, and we are to have declarations from all and sundry. Perhaps the truth may come out in this way.

To penetrate the darkness of the days before declarations, Sir Henry Primrose, of the Inland Revenue office, and Mr. Chiozza Money, M.P., have both made use of the House Duty. Sir Henry indeed trusts chiefly to the house duty.¹ The difficulty is that, even if all who live in a dear house are probably rich, all the rich do not live in dear houses. Mr. Gayley, chief inspector of the Inland Revenue, tells us ² :—

¹ Evidence before the Income-Tax Committee, 1906, Ques. 38-42.

² Evid., Ques. 937, seq. See also Appendix No. 3, pp. 231-233.

"I have got a firm returning nearly £35,000 of profits. There are five partners, and the senior partner of the firm resides in a house charged with inhabited house duty at £75; of another the assessment is £330; another, £260; the fourth, £90; and the fifth, £176" (ques. 937). "I know a case in which a person died, and his will was proved at over £220,000; he lived in a house next door to a surveyor of taxes at £65 a year, and the surveyor of taxes had not the slightest idea that that man had anything like the money" (ques. 940).

Mr. Bernard Mallet tells us that in Tasmania the Government assumes that a man with a certain income lives in a house of corresponding value.¹ But in this country the correspondence is evidently not so exact as to help us in graduating the income tax. The house duty may need to stand by itself for a little longer. It deserves a committee to itself, for, although built on a smaller scale than the income tax, it forms quite as curious a collection of anomalies and abuses, and is as much in need of reformation.

The duty was adopted by Lord North from Adam Smith in 1778, hearth tax and window tax being the only similar taxes before. It was dropped for seventeen years, 1834-1851, but revived in 1851, nearly in the form it now wears, including the distinction of two classes; the Act of 1890 (Customs and Inland Revenue Act of 53 & 54 Vict. c. 8) gave it to us complete.²

It is unlike the income tax: (1) in its comparative steadiness; its rates have only varied once since 1851; it does not change with the income tax, although it is presented to the tenant in the same demand note as the income tax on landlord's rent. (2) It falls not on the simple rent, but on the whole annual value without deductions. (3) It is more certain to be secured by the Exchequer, being hard to evade by any commonplace roguery. Finally, (4) it is never a taxation of income "at the source," of dividends before they are sent out from a company's office; herein it is free from the great difficulty that besets the graduated income tax.³

On the other hand, it is unlike parish rates in being uniform

¹ Evid., Ques. 227.

² See J. E. Piper's *Acts relating to the House Tax* (Butterworth, 1903).

³ Harcourt, Budget Speech, 1894 (Hansard), p. 502.

within Great Britain. It can be escaped by emigration to Ireland, to which country it has never applied. It is nearly if not quite as elaborate as the income tax. Whereas the income tax is a system of at least six steps,¹ the house duty has a system of two classes and three rates in each of them. It falls:—

(A) On the annual value of dwelling-houses: (a) if the value is under £20, the occupiers are exempt; (b) if the value is as much as £20 and not more than £40, they pay 3*d.* in the £; (c) if over £40 and not more than £60, they pay 6*d.*; (d) if over £60, the rate is 9*d.*

(B) On the annual value of residential shops, hotels, and farms, with two-thirds of that severity. Their occupiers pay 2*d.*, 4*d.*, 6*d.*, on the same scale (£20, £40, £60).

The net produce of the tax was in 1903–1904 rather less than two millions—£1,879,276; and it will be found that about three-quarters of the sum was raised on dwelling-houses, and the other quarter came from shops and hotels. The 48th Annual Report of the Board of Inland Revenue for 1903–1904 gives, it is true, only the totals of annual values without corresponding yield in duty (pp. 179, 182); but a rough calculation can be made of the latter, with due allowance for discrepancies that may be hid under the distinction between net receipt and net produce.² Even the Treasury finds there is many a slip between the cup and lip.

When the tax was revived in 1851, there was no progressive graduation; there was exemption below £20; and above £20 dwelling-houses paid 9*d.*, shops 6*d.* In 1890 the higher rating above £40 and £60 came in as we now have it: 3*d.*, 6*d.*, 9*d.*, for dwelling-houses; 2*d.*, 4*d.*, 6*d.* for shops. This was a relief to the majority; and it is only remarkable that the highest rate was still left as it was, at 9*d.* The 6*d.* levied under £61 (say on a house rented at £45 a year) is really a heavier tax than the

¹ *Income Tax of 1906.*

(1) £0–£160 exempt.

(2) £161–£400 minus £160.

(3) £401–£500 minus £150.

(4) £501–£600 minus £120.

(5) £601–£700 minus £70.

(6) Above £700 without deduction.

² See 45th Report (1900), pp. 168, 169.

9d. levied on a house rented at £200, £500, or £1000. Yet 9d. is the rate, however high above £60 the rent may be. The richer tenants could afford not only a greater amount, which of course they pay, but a higher rate,¹ such as is paid in the death duties. The principle is admitted: (1) by the entire exemption below £20, which cuts off *three-fourths* of all the habitable premises in Great Britain, and more than half the values; (2) by the greatly reduced rate for houses between £20 and £40; (3) by the very considerably reduced rate for those between £40 and £60. Could any good reason have been given by the framers of the tax why the graduation should not have gone a step or two farther? As in London the exempted houses are only one-third of the whole, London would be more affected by a further graduation than the rest of Great Britain; but all large towns would have an interest in it.

The tax can only be escaped by a man who does not incur it; and, unless he flees the country, he can only avoid incurring it by taking a house below the limit. In the large towns it is not easy to do this, and in London least easy of all. It may be admitted that a tax so steady as the house duty can be "shifted" better than a variable local rate. A tenant will always allow for the duty; it reduces, so far as it goes, his power of paying a higher rent. Every shifting of this kind in the higher groups of houses increases the pressure on the next below, say on the houses of £900 as against those of £1000. True, the tax on those of £900 has relieved the pressure there by sending it on to those of £800, and so on. But, though (happily) it is true, as a rule, that when the tenant suffers the landlord suffers with him, it is not at all clear that this tax is shifted altogether to the landlord. The tenant, in any case, suffers by having to take a house inferior to his first choice; this, at the very least, is his share in the burden of the house duty. But, as the pressure passes down to the central and lower strata of tenants

¹ "It is not very unreasonable that the rich should contribute to the public expense not only in proportion to their revenue, but something more than in that proportion." *Wealth of Nations*, book v. chap. ii., Taxes upon the Rent of Houses.

and tenancies, it is met by a back-current, an upward pressure. The supply of houses at the lower rents is not indefinitely elastic. Yet houses of some kind must be had.

The argument is as old as Adam Smith,¹ and seems quite sound. But if it is sound, the inhabited house duty on dwellings from £20 to £60 in value is not so shifted that the tenant pays none of it, and would be no better off if it were removed altogether, or removed from him. On the contrary, in large towns he probably pays nearly the whole of it. The exempted class (below £20) really suffer by having the non-exempted thrust down upon them,—increasing the competition for houses under £20; and the same is true of the tenants in the next class, £20 to £40, becoming gradually less true as we go up. The lower down we go, the less, it seems, can the tax be shifted, and the more is it felt; the higher we go, the more it can be shifted, and the less it seems to be felt. Suppose that it were really shifted to the landlords in the lower strata as in the higher. In that case, as a disguised income tax on landlords, it might well be defended, since it would fall on shoulders that, on the whole, are well able to bear it.

Sir Robert Giffen² follows Adam Smith³ in regarding the house duty as a tax on consumption, the consumption of the commodity called a house. Perhaps it is only certainly so in the case of the occupying owner, the man who owns the house he lives in. In his case the analogy of the income tax would certainly justify a deduction, say, of £20 from the fixed £40 or £60, if the analogy be worth anything where there is a varying rate of income tax. All above £20 might be deemed luxury, and the first £20 of any rent might be deemed the necessary part of it, barely enough for that in the large towns, more than enough in some country districts.

¹ *Wealth of Nations*, book v. ch. ii. as cited.

² Royal Commission on Local Taxation, Memoranda on Incidence (1899), p. 94: "It is really a consumption duty, being a duty on the consumption of houses," as excise on consumption of beer, etc. So Goschen as quoted by Sir E. W. Hamilton, *id.*, p. 38 (Local Taxation, pp. 129, 164).

³ Book v. chap. ii. as cited: "Of the same nature as a tax upon any other sort consumable commodities."

The broad exemption of $6\frac{1}{2}$ millions of premises out of $8\frac{1}{2}$ (neglecting the half million exempted as shops, hospitals, or palaces) is justified by this distinction of luxuries and necessities. In the stratum of "under £20," the normally exempted, a man's house has little or nothing of luxury about it; it costs him more in proportion to his income than any other item of his expenditure. No economist now would have the fortitude of J. R. MacCulloch, who thought the £10 householder should be taxed.¹ Even in the strata above the £20 tenants, the house duty at present errs more in being too high for the poor man than too low for the rich. It tells unequally in town and in country. In large cities, it is only when we come to a much higher point than £60 that the house is an article of luxury. In the middle classes it is said to be a maxim of worldly wisdom that a man should eat under his means, dress above his means, and have a house according to his means. Without going so far as this, we may argue that, if the house is high rented (with due allowance for the difference of town and country), then the means of the tenant are ample. If you tell us that he shifts the tax, we may answer that he shifts it to a landlord, whose means are presumably ampler than his own. Adam Smith wrote, not quite grammatically:—

"In general there is not perhaps any article of expense or consumption by which the liberality or narrowness of a man's whole expense can be better judged of than by his house rent."²

If it is not wealth, it is a display of it. In the higher strata of house rents, we are taxing the display of wealth.

To tax ostentation is not necessarily to check ostentation. Perhaps it is not desirable to increase the number of our sumptuary laws. We could not for the revenue's sake wish them to succeed. If a very high tax on very highly-rented houses were to lead rich men to build by the Lakes of Killarney instead of Windermere, Loch Lomond, or the Clyde, we might fondly wish to extend the tax to Ireland. By what art of

¹ Note on *Wealth of Nations*, book v. ch. ii. as cited At first £5 householders actually were taxed.

² *Wealth of Nations*, book v. chap. ii. as cited.

oratory could Parliament be persuaded to take away an Irish privilege? By none conceivable; and, in any case, the whole group of highly-rented houses could not easily be made the most fruitful to the Exchequer. The highest total of values is reached not by them, but by the exempted dwelling-houses, of value £10 to £15;¹ their total is £21,300,000. Next to this total is that reached by the more humble exempted houses under £10, nearly £20,000,000. Among the chargeable houses and shops, those valued at £30 to £40 have the highest total, namely £17,000,000, the next being the group from £20 to £25, reaching a total of £9,300,000. Among the high-rented houses and shops, the whole group from £600 and over gives only a total of £6,000,000, including 1802 premises above £1000. We must not, then, make the revenue depend entirely on the upper groups, or the Chancellor of the Exchequer would not get even the modest 2 millions he now gets from the house duty.

It is true that the densest point in the case of residential shops is among the higher groups. The totals of value above £60 are 15½ millions as against 12 millions for the other two classes (£20-40, £41-60) put together. The shops, however, are not fair spoil for the financial reformer. A house in Park Lane is a sign of wealth in two directions, but a shop in the Strand or in Holborn is a sign of it in only one direction, the landlord's; in the case of the occupier, it is a sign of no more than (say) a large commercial venture with expensive machinery. There is truth in the idea that the residential shopkeeper (even more than the absentee shopkeeper) is related to his premises exactly as to his tools of trade, one of which indeed the premises are to him. It is a drawback and discomfort to live on the premises; at least, it is felt to be so in the twentieth century, whatever it was in the seventeenth; and he who thus lives among his tools may well pay a reduced house duty, a duty for a house that is only half a house, half a shop.

These various considerations have been kept in mind in the following proposal, which is a very rough draft to be amended by the more skilful :—

¹ P. 171 of 48th Report (1903-1904) Inland Revenue. Shops are not included.

		£	£			..	..	3d.
Let dwellings of the value of		20 to	39	bear a duty of		..	..	3d.
"	"	40	59	"	"	..	..	4d.
"	"	60	79	"	"	..	..	5d.
"	"	80	199	"	"	..	..	6d.
"	"	200	299	"	"	..	..	7d.
"	"	300	399	"	"	..	..	8d.
"	"	400	499	"	"	..	..	9d.
"	"	500	599	"	"	..	..	10d.
"	"	600	699	"	"	..	..	11d.
"	"	700	999	"	"	..	..	1s. 6d.
At and above 1000		"	"			2s. 6d. or even 3s.		

Let residential shops, etc., be taxed, when the value is from £20 to £40, at 2d. in the pound; when £41 to £60, at 3d.; when £61 to £99, at 4d.; when £100 to £199, at 4½d.; when £200 to £299, at 5d.; when £300 to £399, at 5½d.; when £400 and upwards, 6d.

If the values are taken as given in the 48th Report (1903-1904) of the Commissioners of Inland Revenue, and the rates are worked out in the two different ways: (1) according to the present scheme with its very slight graduation; (2) according to the scheme just suggested, it will be found that the Chancellor of the Exchequer gets what he got before—about £2,000,000, but not quite in the same way. He really gets a few thousands less, because the graduation is not allowed after £700 to go on as we should like to have it. The graduation (that is to say) would be better, if we had the figures given in more detail, say from £700 to £1000. The stages would be made 1s., 1s. 6d., 2s., 2s. 6d., 3s. But we must take what figures are supplied by the Inland Revenue Commissioners, merely remarking that we should probably more than overtake the present sum if we could carry out the graduation in detail.

PRESENT SCALE AND GROSS RETURNS.

Houses.			Produce.		Shops.		Produce.	
d.	£	£	£		d.	£	£	
At 3 (Value 20 to 39)			331,900	..	at 2		65,100	
" 6 (" 40 " 59)			261,200	..	" 4		73,500	
" 9 (" 60 and over)			942,600	..	" 6		390,900	
			£1,535,000				529,500	
							1,535,000	
			Gross produce	..	..	£2,064,500		

PROPOSED SCALE.

Houses.			Produce.		Shops.	Produce.	
s.	d.	£	£		d.	£	
At	3	(20-39)	331,200	..	at	2	65,100
"	4	(40-59)	174,200	..	"	3	55,100
"	5	(60-79)	84,700	..	"	4	36,300
"	6	(80-99)	81,100	..	"	4½	35,200
"	7	(100-199)	235,800	..	"	5	92,400
"	8	(200-299)	106,500	..	"	5½	41,700
"	9	(300-399)	66,400	..	(£300 and over)	" 6	133,200
"	10	(400-499)	43,800	..			
"	11	(500-599)	27,900	..			459,000
"	1 0	(600-699)	24,200	..			1,470,029
"	1 6	(700-999)	55,117	..			
"	2 6	(1000-and over)	239,612	..	Gross produce	..	£1,929,029
			<u>£1,470,029</u>				

The total produce of the inhabited house duty compares poorly with the 24 millions yielded by the income tax at 1s.; but it is not suggested that a permanent tax like the house duty, levied at a low average rate of about 3d. in the pound, should be made to give as much, in proportion, as an impost meant (or hitherto meant) for emergencies by which three times as much can be raised for 3d. in the pound. Whether the house duty could be raised to greater importance amongst our sources of revenue; whether it is naturally allied to a land tax as well as an income tax (to which it is allied in the demand note); or whether, on the contrary, it is superfluous where these other two taxes are present; whether it should fall on empty houses; whether it is properly a local tax;¹—such questions have not been discussed here. The aim has been simply to show how the amount now raised by the house duty could be raised on a better graduated scale than at present, and therefore with less suffering on the part of the taxpayers.

J. BONAR.

¹ In 1871 Government offered to transfer it (with the land tax) to the localities.

FREE TRADE IN INDIA.

IN most political campaigns of any importance, such as Mr. Chamberlain's on the question of the tariff, there is something which all parties are liable to shirk. It may be a side issue, which, though ripe for settlement, has to wait till more central matters are disposed of. Or it may be an integral portion of the discussion, which for some reason or another, not always creditable, embarrasses friends and foes alike. It may even amount to a skeleton in the cupboard, one that only a few know of, and keep religiously hidden from the world.

It is the object of the present writer to demonstrate, however indistinctly, the existence of such a skeleton in the cupboard of British Indian administration.

To an Englishman, the task is an ungrateful one. Only urgency can excuse it. When demanding fiscal reform for India, and that quite independently of the United Kingdom, a writer has to bespeak sympathy for a subject most repugnant to the British people. The latter will not readily admit the possibility of a skeleton. They do not believe that anything can be wrong with India, beyond natural and inherent obstacles to progress, which British administration is slowly removing. Even the natives of the dependency are apt to deprecate further change in the commercial system of their country, exotic though that system is.

England has brought a great peace to India. She has put a stop to many savageries, and taught many refinements. She has waged on the whole a successful war against disease, superstition, and dirt. Her institutions are progressive, her police efficient, her justice pure and cheap. Her universities will bear comparison with some of the best in Europe and America. She has brought education to the doors of the people.

and filled the ranks of the army and the offices of her Government with their sons. Her rule is tolerant, honest, and enlightened. The natives of India, politically dissatisfied though many of them are, but educated in these conditions, can only attribute her failure to the absence of popular representation. The Englishman, on the other hand, considers that there has been no failure. Neither is able to appreciate that it is want of employment which has wrecked all her efforts.

Such a subject bristles with difficulties. The grafting of a foreign commercial system on a continent like India must in any case take an enormous amount of time. Mistakes are unavoidable, and whether they are remediable without the modification or reversal of some cherished rule of policy, it is most difficult to say. It has to be seen whether India, under the guidance of the Adam Smith economy, has, as alleged, passed safely through the lean years, and entered permanently on an epoch of industrial prosperity; or whether, on the contrary, she is deep in the bog of industrial decay. We have to judge whether, during an era of unrestricted free trade sufficiently prolonged for a definite judgment to be arrived at, adequate occupation has been provided for the people. It has to be seen how the Indian populations are employed, and whether they are more remuneratively employed under a British administration than they were under their own Rajahs, before the days of commercial and industrial de-concentration.

Adam Smith and his followers would have declared it no part of a Government's business to provide work for the population committed to its charge. Their contention has been ignored by the commercial legislation of every country and colony in the world, except England, during the past hundred years. It is now universally conceded that the employment of labour is the first domestic duty of a state on a popular basis. In fact, no politician ever dreams of denying it. The last appeal to the constituencies shows that, if nothing else.

Certain qualifications are required for the scrutiny, as it concerns India. The investigator must have a long acquaintance with his subject. No one visiting India for the first time

understands how the official classes can possibly be led astray as to the state of the country. Yet there are a good many reasons why they should be.

To any one cursorily, or even carefully, looking round him, there do not seem to be any unemployed in India. Excepting the troops of professional beggars, every one appears to have some small employment. The area under observation is too immense for a comprehensive view ever to be taken of the whole of it. People arguing from prosperous to unprosperous districts cannot see that an agriculturist may appear to be employed when, as a matter of fact, he is close to starvation. Again, while it is easy enough to ascertain how the Indian populations are employed, to say whether they are remuneratively employed is quite another matter.

Practically the whole population of India lives by the land. Agriculture, always the chief industry, has become the sole one. The old handicrafts are gone; the artistic craftsmen of the towns, as well as the petty artisans of the villages, are lost to Indian production. And what is more, nothing has come in their place. Their output is supplied by imports from England. The cotton-factories of Bombay, the gunny-bag industry of Bengal, a few gold and coal mines scattered at wide intervals up and down the vast peninsula, are quite inadequate to the industrial needs of the people. The tea-drying and rolling sheds, the railway workshops, a stray factory or two for the making of soldiers' clothes and boots and small-arm ammunition, the carpet looms in the jails, all strictly limited to special needs, only make the great void the emptier. There is not an iron mine in all India, not a retort, not a rolling-mill, not a foundry. No rails are made, no bolts, no screws, no nails. Yet hæmatite ore exists in large quantities, and the people learn the handling of machinery and of the miner's pick quite readily. It is the same with all industries except agriculture. With exceptions not worth mentioning, not a factory furnace has been set alight by British enterprise, because the product cannot pay without tariff protection. England has held that in the employment of a country's labour, one occupation is as good as another.

It is not India's fault if her handicrafts have disappeared, though she has certainly connived at it. Three hundred years ago the Honourable East India Company was formed to bring to England the work of the Indian craftsmen. The trade consisted mainly of muslins, crapes, silks, calicoes, embroideries, carpets, and art-metalwork—all things which England had not as yet learned to manufacture for herself. The British empire in the East is due to this fact alone. Poets still expatiate on the perfection attained by Indian workmanship in the palmy days of its splendour. And though economists may not accept poetry as a basis for policy, it nevertheless may be taken as a very fair representation of what actually existed. Edwin Arnold in his beautiful poem, "The Light of Asia," says of the Buddha, when still in the world as Prince Sakya Muni, that his nuptial chamber was a dream of fairy land. There were stone traceries delicate as lace-work, carpets deep in the pile as heaps of flower-blooms, scented and inlaid woods, jewelled jade and veined marble, rich silken hangings covered with gold embroidery, and muslins rivalling the finest spiders' webs. Beaten metal panels of fretted brass filled the doors and windows. Such descriptions may be conceived in a style of Eastern hyperbole, but no one can have entirely invented them. Besides, it is perfectly well known that the exquisite things described survived in all their pristine artistic beauty in the times of the Mogul emperors: for it was then that the East India Companies of England and Holland were formed to exploit them.

A hundred years passed before the English company became a government strong enough to collect its revenues by more direct methods than buying and selling merchandise. But even a hundred years later, when in the zenith of its power, it still traded in the products of those wonderful workrooms. The two centuries were disfigured by many crimes and marked by many blunders, but the destruction of the town and village crafts was not among them. It was reserved for the Government of the Queen, which, after the agony of the mutiny, took over the direct administration of the dependency, to deprive her

Indian children of the most beautiful, the most lucrative, and the most educational of their occupations.

The notion grew up uncontradicted, that the nature of a country's occupations was unimportant. Labour, it was assumed, was sure to be employed somehow. It is the doctrine of Mill, that a demand for commodities is not a demand for labour. As a consequence, the delicate workmanship and quaint fancies which the old company made it its business and pleasure to foster ceased to be considered of any consequence. English and Scotch cities required markets. If they could not make the same things, they could imitate them, and imitate them so closely and so cheaply as to ensure the goods a welcome. The new Government let the handicrafts go, and lightly, as if doing them a service, sent the craftsmen to the fields.

No specific complaint was raised by the Indian communities. Though the crafts were protected by caste, the castes were satisfied with the religious toleration extended to them. They failed altogether to realize the danger in which they stood from the new conditions. They saw no risk to their precious art secrets, their æsthetic training, their thousands of years of industrial heredity, because no actual interference took place with the government and constitution of the castes. They never realized the subtle and dangerous interference present in Western free competition.

Besides, in an Aryan community, the cultivation of the soil is derogatory to no one. In the caste system of ancient India, agriculture stands highest among the industries. Brahmins till the soil, and every Kahattri is a peasant proprietor. The tradition assisted most materially in the de-industrialization of the handicraft castes. By losing their guild character these became mere sectarian denominations.

Then, again, famine covers a multitude of sins. A dead weaver, who has failed to make an infertile piece of land pay its tillage, is not distinguishable, except by a caste mark on his forehead, from a dead agriculturist. It is true the dead weaver could have found no better land to till. All the good soils were occupied when adverse circumstances suddenly made him a

cultivator. India is, agriculturally speaking, a poor country. It has no pretensions to an unlimited extent of rich arable land. The ousted craftsman had to be contented with half-reclaimed marsh, forest, or jungle. Not that he could have made anything out of better land could he have got it. He was without the experience and skill of the born farmer. So in his second summer, the drought came and mercifully killed him, just as he had sold his wife's bangles and trinkets to buy food for his children. The story is a sad one, but quite common.

It is unfortunately notorious that the gradual absorption into agriculture of the entire Indian population causes the British Government no misgivings. No illusion exists on the subject. Whatever is done is done deliberately. The British nation has undertaken to educate, to employ, to enrich India, on agriculture alone. When the Prince and Princess of Wales, in the course of their Indian tour, were presented with beautiful art fabrics, the fruit of Indian looms, needles, or metal-workers' hammers, we may be quite sure that these represented no living art. They were old, or else turned out by workmen congregated in special schools, the patriotic care of rich people, to whom the traditions of their country are dear. In the circumstances of a royal progress, it was no doubt expected that India should live up to its ancient reputation.

It is not only the art-workman who has suffered by the sudden introduction into India of the Adam Smith economy. Even the man who was intended to benefit by it has not been materially advantaged. The weaver, the dyer, the shoemaker, the wood-carver, the metal-worker, have all gone. Art is dead in India. The country is purely agricultural, yet the agriculturist—the peasant, strictly so called—is not one whit the better for the change. On the contrary, agriculture has become a very speculative occupation to embark in. Everybody wants to make profits out of the land, and very few are successful. Tea, coffee, indigo, opium, jute, wheat, rice, oil-seeds, and cotton, with the common millets, vetches, and pulses, which over large areas are the ordinary food of the poorer classes, do not constitute a circle of production adequate to the country's industrial

growth. They do not afford a vent for the genius of the people. They do not educate it. They do not fully employ its numbers. They do not even feed it.

Many profitable branches of agriculture are absent. Climate, no doubt, accounts for some of the absentees; want of opulence among the inhabitants, for others. The poverty of the soil and deficiency in the water-supply, except in the large river-valleys, have from time immemorial kept effective tillage within narrow bounds. But there is another reason, which grows every year more alarming. It is the attenuation of capital and the raising of the rate of interest, which proceed *pari passu* with enormously increased exports and imports.

Moreover, special dangers threaten the different branches of the export trade. Opium is under a ban. Before long it will cease to be a Government monopoly; and then the prosperity of the Ganges valley will receive a shock from which it may take centuries to recover. Indigo no longer commands the trade in dyes. Mineral bye-products are displacing it. Tea, owing to the expense of its cultivation and manufacture, and its perishable nature, affords a very small margin of profit. Coffee has ceased practically to be an Indian product. Indian cotton is poor in quality. The staple is too short to allow of the finer classes of cloth being worked by machinery. Wheat, a cold-weather crop, requires a good upland soil and seasonable irrigation—advantages by no means common. Hides and skins are merely a proof of mortality among the cattle—not a thing to congratulate the country upon. Oil-seeds are competitive. Rice and jute both need soaking soils, and neither is very remunerative.

These are serious matters, the consideration of which cannot be long postponed. There is nothing to replace any of these crops, while treading hard on the heels of the hesitating progress of Indian agriculture is an altogether abnormal increase in the population dependent on the land. The attenuation of capital and its enhanced cost to the cultivator necessarily follow. There is nothing new in that. It would be strange if they did not.

Wherever, in the world, tillers of the soil have migrated far from the towns, to the demands of which they owed their markets, or, what is the same thing, such towns have dwindled in wealth and importance, and no others have grown up in their places, the peasant has sooner or later found himself destitute. The sparsest population is too dense for a country which is entirely given over to agriculture, and which at the same time has no outlet for its surplus. It is a truth that seems one of the hardest to understand, that agriculture, to enrich a community, must be linked with urban populations. It is profitable only when its surplus feeds wealthy and prosperous cities, and supplies them with raw material for their manufactures. It would be as foolish to expect mines to pay without a market for gold, as agriculture without a market for produce. The sole difference is that the cultivator can live on his produce, for the most part, and the miner cannot.

In India the place of the home cities is being taken by the export trade to Europe; whence its abnormal growth in late years. And so long as the *ryots* have access to that trade, and enough of it, all will go well with them. The trouble begins when they have not got access to it; when, owing to their land being infertile or unirrigable, or too distant from the coast, or the main channels of communication, a cultivator finds it unprofitable to grow a surplus over what he consumes himself, and enjoys no absolute certainty of being able to garner even that. Then it is that agricultural capital becomes terribly scarce and dear, while the abnormality in the growth of the population dependent on the land thrusts itself specially into notice.

British rule has added two main causes of agricultural congestion. They are the migration to the fields of the industrial castes, now almost wholly absorbed into the peasantry, and the presence on the soil of those whose lives the Pax Britannica has helped to preserve. These two classes constitute a shifting population, compelled to take any land they can get, working in good years, when perhaps they earn enough to keep body and soul together, and to marry their children; and in bad,

drifting away to more favoured districts, crowding the Government relief works, or dying of starvation and of the fevers which accompany it.

As to how many persons are adversely affected by the disturbance of demand and supply—being taken off paying work and put on unpaying land, or saved from an old-fashioned death by violence or disease, only to starve through want of credit—there are no figures to show. But it is certain that the best government India ever had has not removed the peninsula beyond the reach of famine. It is even doubtful whether the liability to it has not been increased. The people have been relieved of war, of race and class oppression, of the social horrors of suttee and infanticide, of thuggee and other crimes on the high-roads. Their taxes have been regularized, their rights systematized and fixed, their homes and property secured to them in peace and quietness. Justice has been brought to their doors, and an education offered them, of which they have not been slow to avail themselves. Immense markets over-sea have been opened to their produce. They have been made citizens of an empire the like of which an Eastern sun never saw before.

Yet the most marked use to which too many of the peasantry put these advantages, is to die of starvation at the first touch of drought. Manifestly they have neither savings nor credit. The nature of the later famines bears witness to a change for the worse in the economic condition of the *ryot*. There is an absence of capital circulating among the peasantry, which is alarming in the last degree. Capital in a country will find work for the most unlikely workers so long as there is a market for their produce. And it will very often create a market. But without capital the most capable must starve. Formerly, the cultivator had credit; that is to say, the use of capital. If he died of starvation, it was because he could not find the food to eat. It was not there. The harvest had failed owing to a bad monsoon, and there was no means of bringing grain in from other parts of the country more favoured by the rains. Now, the larger portion of the people affected by

a drought have no credit, and starve in the midst of what is, to them, plenty.

To those who understand how the village grain-dealers and money-lenders play their part in Indian village economy, it will be obvious that it was during a drought that they showed their greatest usefulness, if they did not make their greatest profits. They kept the starving people alive with advances of money and grain, so fulfilling a function which in these days is most imperfectly replaced by Government relief works. The *bunias* or *saokars* (they are known by both names) may have charged exorbitant interest and extortionate prices, but that was unavoidable. The chief point was that they did not refuse succour to the poorest at the critical moment. The advances were charged to the cultivators' accounts, to be settled hereafter, as prosperity slowly returned. These advances constituted the working capital of the land. And in those days a living peasant charged upon them, even though, according to strict bankruptcy law, hopelessly insolvent, was of greater value to himself, to the money-lender, and to the Government, than a dead one.

Two causes led to this conciliatory spirit of the creditor towards the debtor. Both classes lived on capital circulating through the villages. The peasant and the industrial craftsman required cash. The *saokar* required custom. Particularly in respect of the land, the worker could not be left out of the calculation. Only in the local peasant could the money-lender find the labour wanted for the re-tillage of the fields. He must keep the cultivator alive, or be ruined himself; for the fields would lie waste.

That was one reason. The other was no less practical. In remote regions, inaccessible to the centres of government, as nine-tenths of the land then was, it was not uncommon in famine-times for the peasantry to take matters into their own hands. The looting of an avaricious grain-dealer's store by the villagers, his debtors, was a by no means unusual occurrence. Now, however, the old solidarity between the two classes is gone. The community of interest which made each indispensable

to the other has been compromised by the extra risks thrown on capital through the obligatory cultivation of poor lands. The facilities for getting field-labour afforded by the railways and by a floating population, not to speak of a stricter observance of the criminal law, have emancipated the bunia from his moral and political responsibilities, and rendered him callous to the sufferings of the people.

Even so far back as 1876 the Deccan famine was a credit famine. But for a cotton-mill at Sholapur, the strip of land on either side of the railway from Poona to Raichur would have suffered just as much as districts more remote; it did, as a matter of fact, suffer terribly. The reason was that the peasants' lives had no value. The worth of future crops had become so problematical, owing to the vast areas of new land under cultivation, and the labour to raise them so abundant, that to keep a starving Mahratta alive was to throw good money after bad. The railway rushed food in, but the people could not buy it. This is a fact to be remembered when ignorant people talk glibly about India being as prosperous as can be expected of a wholly agricultural country.

Since then, under the influence of improved sea transport through the Suez Canal, the de-industrialization of India has progressed apace. The increase in the agricultural population would have been much more marked than it is, but for the continuous series of famines, which for thirty years have devastated almost every corner of the peninsula. It would be a short-sighted policy that derived any comfort from this. There have always been famines in India. In an empire where the food of the people over large areas is a millet dependent entirely on the rainfall for its growth, such must of a necessity be the case. Even where water is perennially more abundant, and rice is eaten, a drought of exceptional severity will exhaust stocks. And, of course, it is not India alone that has suffered from famines. All agricultural countries have had bitter experience of them. But it is in India alone that the recognized means of escape from the scourge has been systematically closed. Elsewhere, time and again, such communities have been rescued from

the famine net through large developments of other forms of industry. These have drawn off the surplus population into towns, and left only the better soils under cultivation. At the same time, a more abundant agricultural capital has introduced improved methods of cultivation, which has by these means been gradually freed from a too complete dependence on the rainfall. In India the process has been the exact opposite of this. The industrial castes have been deprived of their business, and have sent their craftsmen to the fields. The population saved by excellence in administration has likewise been located on the land. Nothing has been done to replace the handicrafts with machine-run industry. On the contrary, industrialism has been consistently and systematically discouraged. The result is that year after year one of two things happens: either the produce of the fields gluts the export market, or the better soils are flooded with a surfeit of cheap and often starving labour.

Up to 1894 Indian produce enjoyed a small measure of protection. It was not much, and it is gone now. In a subtle way it acted as an encouragement to her industries, and as a check on the attenuation of agricultural capital and profits. It lay in cheap silver, which, while lowering the gold value of the rupee, left its purchasing power in India intact. The coincidence is common to all silver-using countries that have no gold standard.

Welsh steam-coal, which, with a 2s. rupee, cost in Bombay from 7 to 8 rupees a ton, cost, in 1893, when silver had fallen below 30*d.* the ounce, 15 rupees the ton. As a very good Indian coal, suitable to the furnaces of steamers, could be laid down at the coast for from 11 to 12 rupees the ton, the advantage to the local product in the cheap rupee was manifest. In Calcutta, where Welsh coal was made slightly dearer by the distance, and a fuel almost equal to it in quality could be brought down the Brahmaputra from Assam, the effect of the low rupee was more marked still. It was on facts such as these that the opinion used to be based, that a rupee of 1*s.* 4*d.* must virtually ruin the Indian coal trade on the coast; while a fall to 10*d.* would have a contrary effect, and stop the importation of all British coals.

As in the case of coal, so in that of other commodities. It

was owing to the fall in silver that Indian iron began to be talked about. The gold mines had their origin in a general search for the appreciated yellow metal. Cotton, it was hinted, might, under the fostering influence of imported capital, be improved to the level of the plant in Egypt, and so by degrees replace the poppy in Bengal. To send out gold and start industries in India, promised to pay better than to export merchandise. And gold would have been sent out, capital would have come to India, if it had not been for an unsettled grievance of the Indian Civil Service. This affair must be noticed, not because it exhibits Indian administration in a peculiarly unfavourable light, but because it led, in a special way, to the confining of the Indian skeleton in the English cupboard.

It happens that, with few exceptions, the servants of the Government of India are paid in silver, their salaries being calculated and disbursed in rupees. The fall in the white metal in respect of gold, therefore, peculiarly affected them. Their salaries had been fixed when the rupee was worth 2s.—the equivalent of silver at 60*d.* the ounce. In 1893 it was worth only the half of this, and was going lower. The loss to every one paid in silver was obvious. The cost of remittances to England, always a formidable item in the expenditure of an Indian servant, was doubled. The upkeep of a family in Europe, and provision for furlough and retirement, cost exactly twice as much as they used to; and there was no certainty whatever that they would not eventually cost twice as much again. The capacity of the mines in America for the production of silver seemed inexhaustible. This was the fall in exchange difficulty, about which so much was heard prior to 1894.

To suggest that purely personal considerations blinded the Indian services to the countervailing advantages to the people of cheap silver, would be grossly unfair. Everybody they trusted assured them that these advantages were overstated. They are told so still. Not only that, but they were saturated with the conviction that India, as a purely agricultural country, and a market for British manufactures, would enjoy greater prosperity, and be more in line with modern conditions of progress, than if

retained in a state of, what they believed to be, fictitious industrial activity by tariffs. They held that the old caste handicrafts were dead, past all resuscitation; while an industrial India, on any other basis, seems to have been profoundly repugnant to them. And in this they were supported by the entire strength of economic opinion at home. The great Free Trade party was with them, and has by no means shown any tendency towards changing its opinion.

They had another and even stronger motive for action than that supplied by their own pockets. The distress caused to individuals by the slump in silver was as nothing to the loss entailed on the Government. The annual charge for remittances to liquidate home contracts and meet the interest on sterling loans was growing out of all proportion to rupee revenues, so as to cause grave and recurring deficits in the Finance Minister's estimates. The Government was at its wits' end. It could not borrow in London without adding to its difficulties. It dreaded fresh taxation. Rupee loans were suggested, but, with their depreciated and still depreciating capital value, were unpopular. To collect the revenues in gold was considered too dangerous an experiment. When, therefore, it was ascertained that to inflate the rupee, by artificially restricting coinage, would have all the effects of fresh taxation without its unpopularity, and of a gold revenue without its novelty, and that, moreover, the operation could be justified on the grounds of economic principle—a fluctuating standard of value, permanently below that of Great Britain, being protective—a paean of praise went up from every collectorate in India. It was discovered how to eat the fiscal cake and have it. No one wanted to decrease expenditure, and a means of balancing the Budget without doing so had been found. Fourpence on the gold value of the rupee was all that was needed. A rupee of 1s. 4d. would bring expenditure on home remittances within manageable bounds; and though not so advantageous as a rupee of 1s. 6d., which had been asked for, was better for the services than nothing. Lord Lansdowne closed the mints to the free coinage of silver, offering sovereigns at the rate of one for every fifteen rupees.

The Indian authorities had out-Cobdened Cobden. A duty on imports was indicated by all the circumstances as the right way to meet the difficulties that had presented themselves. It would have been a tariff for revenue, and therefore in accordance with the strictest interpretation of the teaching of Adam Smith. It would have been popular; and it would have left the circulating medium, the standard and measure of weight and value, alone. Unfortunately it would have added slightly to the price of imports, already handicapped by the low exchange, and it would have done nothing for the services. That the Indian peoples had a cheap currency, by which they were benefiting, did not weigh with the disinterested traders of the Manchester school, or with the doctrinaire visionaries, the followers of Mill. A hue and cry was raised against the low rupee, and it had to go. In 1894 the Coinage Act was passed. India was given a gold standard.

An unperceived danger lurked behind the closing of the mints, nevertheless. This was the loss to the cultivators of the increasing value of the export trade from India, due to cheap and cheapening money—the very trade which had replaced the old home off-take of the industrial castes. The immediate effect was to prejudice the peasantry in respect of their debts.

It will be readily understood that the fall in silver had brought a certain relief to the cultivators by making money more abundant. It had run *pari passu* with the bad seasons, and must have assisted enormously in the relief of famine. Exported agricultural produce, sold abroad at prices in the fixing of which India had nothing to do, was bringing back into the country an always increasing number of rupees, each with its purchasing power unimpaired. A sovereign worth 20 rupees was better business to the Indian exporter than one worth 15 rupees. As silver fell, every sovereign the *ryot* earned brought with it an unearned increment—a bonus—which made it more valuable to him. The consequence had been that, droughts notwithstanding, the cultivators of good soils were getting out of debt, and lending money in their turn. This is history. Obviously, the

capital embarked in agriculture was benefiting by a low exchange.

Dearer rupees, and the two moneys permanently linked, have changed this. Not only does the peasant lose the profits on his sovereigns as silver falls—the rupee at this moment might be worth 11*d.*—but a rupee raised from 1*s.* to 1*s.* 4*d.* has increased the indebtedness of the peasant by a hundred million sterling. This is what an indebtedness of a hundred rupees per family works out to, for British India and the protected native states. The currency being now placed on a gold basis, this enhancement of the cultivators' debts, hitherto calculated on the value of silver, is real and permanent. A hundred million sterling has been added to the burdens of the *ryot* and the wealth of his creditors—a transfer for which absolutely no consideration has been given, and from which no advantage accrues to the State.

It is doubtful if any comment can speak more plainly than such facts as these. Though Cobdenism designs India to be the agricultural unit in the commercial union with Great Britain, nothing is more clear than that her agriculture is losing by the alliance, while as for her other industries they have disappeared. The Government of India may point to its improving revenues from the land; these mean nothing; only that there having been lately a comparative freedom from drought, the land registers are full. The next famine will show the danger of a misplaced confidence in poor farming.

It has been the *rôle* of the Adam Smith economy to put a false view of industrial development before society. The British constituencies still appear to believe that cheapness is the sole aim of production, and exports and imports the supreme test of progress. They still seem to harbour the delusion that a country can hope to buy cheap and sell dear, as a permanent condition of trade. They persist in thinking that a flourishing and varied home trade, on a cost-price basis, is not the only safe criterion of prosperity. They have never been taught that diversity of employment is the law of man's intellectual advancement, a law to which there is no exception, nor that India has been denied

it. They naturally fail to recognize that under a too exclusively agricultural *régime*, her land is becoming a vast workhouse for the relief of famine, a duty which, half the time, it does not perform. They do not see that an unemployed people and a starving people, but chiefly an unemployed people, is, as a natural sequence, a seditious people.

Is not this a skeleton in the cupboard?

F. BEAUCLERK.

UNEMPLOYMENT.

II.

IN considering the question of the unemployed, it will be well, first of all, to clear our minds of the idea that unemployment is merely seasonal or exceptional, and to accept at once what is known to be the fact, that at all times and in all places there are to be found numbers of men and women for whom there is no room in industrial life. Unemployment is caused, not by bad weather, but simply by the fact that industry is so organized that there is always a margin of workers for whom no work can be found. Of course, this does not mean that the *same* people are out of work all the time ; it means that *some* people are out of work all the year round. The number fluctuates, but the fluctuations are the result of a variety of causes.

When Mr. Long's scheme for London was brought in, no less than forty thousand men were registered, and at least twenty-five thousand of these were recommended for work. The total for all England would be more than a hundred thousand. When it is remembered that this scheme concerned itself only with married men who had families, and who had previously been in regular work, one can understand what a vast army of single men and casual workers were left out. Through the distress committees this year the Central (Unemployed) Body has registered twenty-six thousand men and women ; yet, as shown by returns as to imports and exports, trade is booming. If we consider the skilled trades, we shall find that those trade unions which furnish returns to the Board of Trade always have a number of members out of work, and the percentage varies from four to six. These out-of-works are not always old men ; their number is made up of men of all ages. In London there are 40 per cent. between

the ages of forty and sixty, and 51 per cent. under the age of forty. In the provinces, 36 per cent. are between the ages of forty and sixty, and 54 per cent. are under the age of forty. To my mind, one of the most sad and serious aspects of the problem is the fact that so many men and women appear to be not wanted at so early an age as twenty or twenty-five. This is accounted for by the perfect nature of the machines now in use, machines which require little or no skill for their working, and which consequently dispense with all but boy or girl labour. At the brightest and best period of their lives boys and girls are doomed to become machine-minders, and so their physique is ruined and their initiative crushed out. Their mental and moral development is arrested, and in course of time, when no longer needed as machine-minders, they are turned out on to the streets, slowly but surely to grow up into hooligans and unemployables.

Unemployment, then, is to be found in almost every walk of life, and the same cause operates in nearly every case, namely, those that there is not enough work for who are able and willing to undertake it. Personal defects, such as drunkenness, incapacity, or laziness, do not account for unemployment; for if all people were sober, capable, and energetic, there would still be no room for a certain margin. It is very necessary to realize this. It is true, of course, that drunkards, incapables, and loafers are to be found in the ranks of the unemployed; but that only means that the employing class always keeps in its employ the most capable and industrious; it does not mean that those displaced would not be displaced if, instead of being unfit, they were both moral and fit. These facts do not need very much arguing; they are apparent to all who think about the matter. At Leicester, for instance, three or four years ago, a large number of men were thrown out of work because a new system of production had been introduced into the boot trade—a system which produced many more boots, but employed a much smaller number of hands. The Leicester shoemakers marched up to London, became bootless, and were supplied with boots by public subscription, all because, in their native town, it was too easy to produce them. Or take the building trade. Is it not a fact that, owing

to the use of the "Scotchman," and such material as iron girders and concrete floors, the very finest buildings are erected much more cheaply than formerly? This is because the new method employs fewer men. All trades in connection with building have been affected in this way. Again, in the production of gas, a similar change has taken place. In the days before the "Iron Man," the sloper retort, and the coke-loading apparatus were brought into use, gas companies employed thousands, where to-day they employ hundreds.

There is no industry in which unemployment is not due to the same or similar causes; and therefore we must start, not with an assumption, but with the fact that the unemployed are a necessary part of the present competitive commercial system. For many years society has been tinkering with the problem—tinkering with it because our statesmen and philanthropists will not realize facts. We have all been engaged in administering palliative measures, which, in the main, have left the unemployed in a worse state than before. The latest effort was the Unemployed Workmen Act. While I, for one, give all due credit to Mr. Walter Long and the other statesmen who helped to frame the Bill, I think the net result of that measure is that the question is as acute in England to-day as ever it was, although, it is true, trade is a little better.

I did not, however, propose to go into what has been done, so much as to discuss what should be done, and to look for a palliative which will not aggravate the evil, but which may yield valuable experience, and so help us to arrive at an ultimate solution. I am fully conscious of the need for preventing the manufacture of the unemployed; but I hold very strongly that it is of no use saying to a hungry worker: "Wait till we reconstruct society," or "Wait till we abolish casual labour," or "Wait till we get the eight-hour day." No. Some means must be found, here and now, for helping him over his period of distress; and, whatever be the means employed, they must be such as will preserve his manhood and character.

What we need, and what the Unemployed Workmen Act ought to prove that we need, is that there should be a

national department of public works. If there is one thing that stands out more clearly than another, it is that throughout the country, not only in London, but everywhere, those who have thought about, and have been working at the problem of unemployment are always faced with the fact that they have no work to give people to do. It has not always been a question of want of money, but of the best kind of work. I believe that this is because we have no department connected with the national administration of affairs responsible for works of a public character; and therefore I believe that the very first thing to be done is to establish a department for national public works. This department should have absolute control of all the main roads in the country. It should have control of all such work as reclamation and protection of foreshores. It should have under its control all Crown lands, whether at present occupied or unoccupied, and it should have the power to buy up compulsorily at their present value all the waste lands in the country, and to start, wherever suitable, such works as afforestation and the like. I would also give to this department the power to establish labour colonies of various descriptions; namely, one to which vagrants could go, one to which the ordinary able-bodied workhouse inmate could be sent, and one for the ordinary unemployed. To the men in each class of colony there should be held out the hope of ultimate independence, and that independence should be secured in England. It should be secured either in the work connected with afforestation, or in the upkeep of the main roads, or in some other national work. Or again, it might be secured by means of small holdings. The labour colonies, instead of being permanent institutions, could be places on which temporary buildings would be erected, so that the men could bring back the land into cultivation, and could build cottages and farm buildings for the small-holders to inhabit. The only test to be applied to applicants for work should be as to their willingness and ability to undertake it; and the function of the colonies would be to provide for those unable or unwilling to go to the public works direct. In this suggestion of small-holdings there is no idea of peasant proprietorship; neither is there any

idea of just dumping men down on to the land. The proposal is to establish co-operative communities, working together under the best expert advice as to how to grow, what to grow, and in what way to collect and distribute the produce. If such a department of public works were established, it would be possible, by means of such work as afforestation, reclamation, extension of main roads, provision of light railways, and co-operative agriculture, always to have on hand works of public utility which might be opened or closed as required. Such an arrangement would obviate the necessity for the provision of employment by borough and town councils; this work is provided at present at a ruinous cost. Under such a scheme it would be possible to refuse to sanction work undertaken by municipalities for the purpose of providing employment. It is a positive fact that, during the past twenty years, London has squandered millions of money on relief works, which have been run on the "dole" or "three days a week" system. Under the scheme I am proposing, this could not happen, for local authorities would neither organize nor pay for the work. I am not certain that even a distress committee would be needed to register the men, if a real system of labour exchanges were set up all over the country. For these would tell us the number of men needing work, and the amount of national work ready to be undertaken. And, as I have already said, the only test for such national work would be the ability and willingness of the men. The labour colonies would come in only for those who distinctly chose to be trained, or were selected as suitable to be trained, as agriculturalists, and for those who, for a variety of reasons, were incapable.

Roughly, this is what I want to be the next step in dealing with the unemployed. I wish, however, to point out that the proposal is for dealing with those out of work now. I am aware that if this scheme were carried out, and nothing else done, we should only palliate, not cure the evil. Of course, we want hours to be reduced, we want the question of child-labour faced; that is to say, we do not want boys and girls exploited in their younger days for the purpose of building up fortunes for others.

The age-limit must be raised, and legislation formulated to prevent children being mentally and morally ruined directly they leave school. Further, we must extend the area of municipal employment in all directions. The Government, and local governing bodies, must so organize employment that such a thing as national or municipal casual labour is unknown. Dock companies, railway companies, and other big corporations must be brought into line to secure a regular system of employment.

But all this will take time, and will meet with bitter opposition: meanwhile, men and women are starving. I hold that agriculture is the only English industry that is not overdone. People find things easier in all other trades; and so the disposition grows up to make money in the towns, the country being left to shooting-parties and other pleasure seekers. For the money-lords this may be good policy; for the country as a whole it is disastrous. I will not believe that it is not possible, with better methods than those of the British farmer, and with a nationally organized system of transit, to make agriculture profitable. It would cost money; but, through the poor law, through private charity, and now through the Exchequer, we have already spent huge sums, and the net result is the emigration of a few to the colonies. The money spent in dealing with these people might just as well have been poured into the sea. It has been proved at Hollesley Bay that London men are content to accept country life and conditions, if they are given the promise of independence. It has been proved in Denmark, it has been proved in parts of Ireland, it has been proved in the Evesham Valley in England, that market gardening, fruit culture, and dairy farming, when properly organized, pay from the commercial point of view, and pay well; and I hold that if we take notice of the mistakes of others, and work agriculture on co-operative lines, and on a national basis, we shall do better than those places I have named.

These things are facts. Any one who goes to Hollesley Bay can see a magnificent suite of college buildings on the side of a river, occupied by about two hundred London men. Here for nearly three years a small band of men, under the control of

the Central (Unemployed) Body for London, and Mr. Walter Long's committee, have been working to prove that London men will respond to decent treatment, and will take up country life. Before the estate was acquired for its present purpose, it was my privilege to take my friend Mr. Joseph Fels to see it, with a view to its purchase for the use of the London (Unemployed) Body; and subsequently it has been my privilege to be chairman of the committee in charge of the colony. For three years the main object of the colony has been to keep men on the land, and to train them to become skilled horticulturists and market-gardeners, with a view to setting up in the neighbourhood a co-operative village community, whose members should hold small holdings of five acres and upwards. The progress of the scheme has been arrested; but, in spite of this, two hundred men gave in their names, and stayed on the colony, and worked and waited, until it was of no use waiting longer. Among those two hundred men were some of the very best I have ever met; yet, to-day, you will find them in British Columbia, Canada, or some other colony. Thirty or forty, a mere remnant, remain at Hollesley Bay, hoping against hope that they may find work and independence here in their native land. A dozen of these men, with their families—ranging from ten down to one—are housed in decent cottages on the Hollesley estate, and have been there all through the winter, living on 15s. a week: it is true that there has been no money with which to buy clothes, but the air has worked wonders with the children. Each man has a small garden to work for himself, a further couple of acres to work for the Central Unemployed Body, and, if allowed to remain, will eventually become a tenant, and be independent, owning his own crops, and paying rent for his holding. I contend that we have proved this kind of work to be practicable, and I want to see it extended over the whole of England and Scotland. I have mentioned Evesham; I might also mention Wisbech in Norfolk. At both places a revolution has been effected during the past twenty years. What strikes any one who takes a walk through the Evesham Valley is the high state of cultivation, and the large number of men at work

on the land. In rural Essex, you would be struck by the absence of people, and the lack of cultivation. It is not that there is any great primary difference between the land of the two places. The difference is brought about because, in the one case, the land is starved; and, in the other, it is scientifically treated. Further, those who would exist in Essex have to find their way to the towns. At Wisbech and Evesham the small cultivator has triumphed; and both places prove that, with co-operative collection and distribution of produce, very good results can be obtained. I have mentioned these things because I want to show that London men, or a fair proportion of them, are capable of learning a new trade, and doing well at it. I may be told that every one cannot go into the fruit culture or market gardening line. Of course not. I have been trying to get some one to try an experiment in England in connection with dairy farming on the Danish system. I am certain that, in making butter and cheese, thousands of London men could be employed. I think it is sheer mid-summer madness to argue that it is possible to do a thing on one side of the North Sea, but not on the other. Here are we, a few hours' sail from Denmark; and yet millions of pounds' worth of butter, cheese, eggs, and bacon come pouring in day by day. We are told that this food cannot be produced in England, and, in the same breath, that our soil is better than that of Denmark. Surely, all we want is a little determination. We should not rest content to see idle acres and idle men; we should bring them together. And this would add to the wealth of the entire nation, for it should always be remembered that it is from the land that all wealth comes, and that when one man sets to work on the soil, he, of necessity, sets other men to work to produce tools, clothes, and other necessities.

This is why I hold that the greatest need of England is that the home market should be strengthened. The protectionists tell us that it must be strengthened by a tax on foreign goods. I think that it should be strengthened by a reorganization of agriculture. People in Denmark take our goods in exchange for their agricultural produce. Why our own people should not

take the same goods in exchange for the produce of our own farms I cannot understand. I refuse to believe that it is right, in the sight of God or man, that some should be denied the right to earn their daily bread, and I claim that when society refuses through the ordinary industrial channels—channels which are defended by the State—to allow a man to earn his living, then the State should shoulder the responsibility of finding him work. The right to live and work is inherent in all; and as society grows, and as social consciousness grows, we must all more and more feel our responsibility towards our neighbours. Social responsibility ought to make the rich decline to sit down to enjoy their wealth in the knowledge that it is obtained at the cost of the necessities of their fellow-men and fellow-women.

In these days, when Christianity is on its trial—when, in fact, all moral institutions are on their trial—it is absolutely necessary that those who believe at all in moral and religious obligations towards one another should take this question of unemployment, and think of it from the point of view of duty. If we do this, and if we are really honest with ourselves, we shall soon discover that the whole evil is summed up in the word “profit,” and that it can only be wiped out by the State slowly taking over all industries and running them, not for profit, but to produce the things we need. I want to see the co-operative principle extended so as to cover the whole range of our lives; and, just as now we are quite content to run public libraries for use, not profit, and to make roads for the same purpose, so I want, in the future, to see houses built for people to live in, clothes made for them to wear, food grown for them to eat. These industries should not be carried on merely for the grinding out of profit, that a few may have more than enough, and many less than enough. Perhaps I shall be told that this is all a dream. Well, I shall be glad to be counted among those who dream. In these days, everything is weighed up in the cash balance—religion, morality, and all that is counted as of any worth; and it is good that there should be some who dream of a time when love will not be bought or sold, when

religion, instead of being a thing for Sundays only, will dominate our lives, and help us to build up a true commonwealth, where wealth will be counted, not in golden sovereigns, chimney-stacks, slag-heaps, and other unsightly things, but will consist in the happy, free, vigorous lives of the people.

G. LANSBURY.

THE LAND AND THE BILL.

IT is characteristic of healthy organisms to maintain by exercise the functions of their several parts—instinctively in the case of the lower orders, to some extent with the supervision and control of the will in the case of intelligent beings. The State, composed as it is of the people and the land, is an organism, and it also can only remain healthy by the due performance of the functions belonging to its two components.

With a view to its own support and advantage, the State has always been ready, in varying measure, to supervise and control the activities of the people. But has this been the case in its relation to its more material self? Have the activities dependent upon the best use of the land been directed in like manner into channels conducive to the welfare of the State? The incomes, the muscles, the brains of the people, are appraised by the State for purposes of revenue, of warfare, or of public business. Can there be true statesmanship without similar estimation and control of the land, that "alter ego" of the State, of which it is in part composed, and without which no State exists?

In proportion as the land question is a State question is it essentially *not* a party question. But, though a State question, this is not only and entirely a matter for statesmen; rather is it a subject with which the people should directly concern themselves. With each succeeding generation can it be more truly said, "the people are many, the land is limited in amount." No doubt this was a truth already familiar to our forefathers, and one which influenced to some extent their agrarian legislation; but when considering the matter in Parliament their attention seems to have been concentrated upon questions of ownership and tenure. They considered the relation of the people to the land as lawyers regard relationship; the narrow anthropic

thought of "property" swallowed up the wider relation of human energy to creative power in vegetation and soil, as Pharaoh's lean kine swallowed up the fat.

But now those old views are being dissolved. It is true that we have lawyers with us still, and persons in either House, who look upon land as "Land"—a primrose by a river's bank a yellow primrose is to them. But our legislators are not all lawyers and landowners nowadays; and since the days of Grove and Darwin even our lawyers and landowners may themselves excel in wisdom. Has not the time come when our Parliament should no longer concern itself, when discussing the land, solely with surface conditions of tenure, but should proceed to the deeper questions of culture and produce? It is time that statesmanship should supplant parochialism.

Since the discovery of the important part played by microscopic organisms in building up the nitrogenous elements of the plant from the soil, and of the conditions which favour or retard the work of these organisms, agricultural success is no longer limited to long matured soils, nor is it dependent upon large holdings or favoured regions. Intensive culture, which includes close attention to the choice of suitable strains of seeds and hybrids, as well as careful examination of the soil, for the selection of appropriate manures, holds out the promise of almost unlimited increase of fertility. There are hints also that chemistry will be able in the near future to draw from the atmosphere an exhaustless supply of one of the chief ingredients of plant foods. The land, from which the other ingredients must come, is therefore truly a treasure-house, but only for those who have the keys of knowledge and of industry with which to unlock the hidden wealth.

Now it is this land which the State holds in trust for the people, much as a man may be said to hold the due care of his bodily health in trust for his nobler and better self. In recognition of this long-neglected trust, one of the first duties of the State is to institute an inquiry into the conditions of culture and of produce which obtain throughout the country. Such inquiry, in a general way, has long been one of the functions of

the Board of Agriculture. It is here proposed that the occupation of the land shall be determined by the result of such inquiry. "It was always considered by English Courts," says Pollock, "that the tenure of land was unaffected by the quality of the person holding it." It has remained for the twentieth century to establish the precedent that the *produce* of a piece of land shall determine its occupation, apart from the tenure on which it is held, and the quality of the person holding it. In spite of all that has been written on the subject, it may be that to some minds the dependence of occupation upon cultivation is by no means a self-evident necessity. The obvious path is not always the better route, nor is that which is absurd to Talavera necessarily impracticable to Columbus.

What are the conditions obtaining among the agricultural classes at the present time? Are they so satisfactory that there can be no question of any State interference between labour and land? Is the relation between agricultural labour and the field for such labour of sufficient importance to the State at large to warrant State interference when such relations are unsatisfactory?

The population in exclusively rural districts is steadily falling. The number of persons employed in agriculture has diminished from over 1,800,000 to 988,000 (nearly one half) in fifty years. The only places which own an increase are those where *small holdings* have survived, or have been artificially created.¹

Sir Henry Campbell-Bannerman has recorded his opinion that "Plenty of employment would be found if the land were made accessible to the men who are willing and able to work it. There is no task to which we are called more urgently by every consideration of national well-being than that of colonizing our own country." And Lord Carrington, writing in March, 1899, said that his practical experience of over thirty years was that small holdings and allotments not only keep villagers on the land, but are, and always have been, a financial and social success. Accordingly the Government has now brought forward a Bill "with a view to the extension of small holdings," and the

¹ Vide *Daily News*, Oct. 1, 1906.

First Commissioner of Works, in introducing the measure, records his belief that the provision of "small holdings has been for many years an aspiration of both parties."

There is, therefore, some evidence that both parties recognize the duty which the State owes to the *people* in regard to the land. But where is the evidence that any duty owed by the State to itself, to the *land* of which it is composed, is recognized by any political party? (No doubt there are individuals in plenty, both owners and occupiers, who recognize and fulfil such a duty in their own relation to the land; but this is another matter.) In the present Bill (Part I. 2 (1)) it is proposed that "the Commissioners, acting under the direction of the Board (of *Agriculture*), shall ascertain"—the condition as to culture and produce of certain areas? nothing of the kind—but "the extent to which there is a demand for small holdings," etc.: in other words, the Commissioners shall endeavour to discharge the duties of the State in relation to *persons*; but there is nothing in the bill expressly directing attention to the condition of the *land*. Even in clause 26, dealing with restrictions in the acquisition of certain land-areas, there is no suggestion that, when a given area be found in a state of super-excellent cultivation and production, this should be any bar to a change of occupation; nor does there appear to be any clause directing the attention of the Commissioners to ill-cultivated areas as suitable for acquisition, unless the sub-committees referred to in clause 31 would be expected to consider such questions.

While it is in no way the intention, or within the ability, of the writer of this article to presume to criticize in detail the clauses of this bill, it may yet be permissible to inquire whether the principle underlying its many excellent provisions—viz. the extension of the provision of small holdings—has enough vitality in it to insure its growth into law.

Properly regarded, the proposal to provide small holdings is an attempt on the part of the State to resume its rights over the land. Let us be clear what this means before we consider how it may be brought about. It cannot mean the occupation of the soil by the State instead of by a person. The land must

be occupied by a material man as necessarily as it must be cultivated by a material instrument. The State resuming its rights over the land means the freeing of the land from all those restrictions which landowners may now legally impose upon their tenants in virtue of the laws having been in great measure framed by themselves.

Dr. Alfred Russell Wallace has shown that—

“the land system under which we actually live is an abnormal development of feudalism, in which almost all the customary rights of the serfs, villeins, or tenants have been encroached upon and finally destroyed, while the great landowners, under the Crown, have, by means of self-made laws and customs, gradually absorbed the rights of the people, till they have become true *landlords*, not only claiming, but actually exercising, such absolute rights of property in the soil that their fellow-subjects can only live upon it at all by their gracious permission.”¹

A case in point is furnished by Garnier in his *History of the English Landed Interest*.² From an old MS. discovered in 1673 we learn that the Freemen of the Forest of Dean had the right to dig ore, and that these “Customs and Franchises hath been granted tyme out of Minde, and after in tyme of the Excellent and redoubted Prince, King Edward, unto the Miners of the Forest of Dean.” However, a little later, this forest was leased by James I. to the then Earl of Pembroke, and, in the deed, the Miners are henceforth *permitted* to dig ore “by Charity and Grace,” the mining rights being afterwards made over to a company; even this permission was soon withdrawn, and the manorial claims were actually upheld by the Forest Commissioners, more than two hundred years afterwards, *against* the claims of the free miners, the onus of illegality, as Garnier observes, having been thus transposed from Seignorial to popular shoulders. The State now seeks to resume the control which the landowners have thus usurped.

Among the methods which have been suggested for bringing this control into operation, there is one which appears to contain

¹ *Land Nationalization* (ed. 1882), p. 29.

² Vol. ii. p. 25.

within itself a vital principle, capable of developing into a vast scheme of gradual automatic land-reform. I refer to the *taxation of uncultivated land*.

This principle must in no way be confounded with that underlying the scheme of the late Mr. Henry George for the general taxation of land-values, and for the abolition of rent. The taxation of uncultivated or unproductive land is an idea which seems to have been present in the minds of many recent writers. Thus a writer in the *Daily News*¹ claims that the "substitution of the central for the local authorities, as advocated by Mr. Winfrey, is the essential preliminary to the compulsory acquirement of such lands as may be required," and incidentally observes, that "*if all uncultivated land were taxed* the Government could acquire vast tracts at a low price."

It may be asked how an attempt to raise money out of waste land is likely to benefit the national exchequer—to say nothing of initiating a vast system of land reform; the answer lies in the fact that taxation is a complicated piece of machinery, transforming income into revenue, certainly, but doing a number of equally important things at the same time. In the first place, as surely as revenue increases on the imposition of a tax, so surely does the subject of taxation tend to diminish, like the date trees of the Egyptian *fellahs* when they were taxed by Mohammed Ali. In the second place, taxation implies *Government supervision*. It is in these two necessary consequences of taxation, especially, that the wisdom of any proposed scheme of taxation will be reflected. The proposal to tax uncultivated land is reasonable and wise only in proportion as it is reasonable and wise to require that there should be fewer unproductive acres, and that every acre of land in a kingdom of limited area and increasing population should be subjected to Government inspection with a view to its increased fertility, or to its contributing in some other way to the national welfare. It must be remembered that there are many ways in which a land-area is capable of promoting national welfare. Cultivation, with a view to the production of food and other necessary vegetable

¹ Oct. 18, 1906.

products, is but one of these, although the most important. The taxation of *unproductive* land is therefore a better definition of the proposed legislation than that of "uncultivated" land.

Here it may be remarked that the public would admit of no vexatious restrictions with regard to the use they should make of the land-areas in the immediate vicinity of their dwellings, and full recognition of this has been shown in the Government Bill, though one would have thought that the size or acreage of such "domestic" land should be determined by Parliament and be comparable to the size and rent of the adjoining cottage, house, or mansion. The face of the country should not be defaced, nor the beauty of English homes be in anywise endangered, by the operations of an Act wholly devoted to the promotion of national welfare. Further, any land covered by buildings—any land actually in use for purely mercantile purposes, or for the operations of mining, manufactures, or trades—and all lands deemed to be already in any way promoting the public welfare, should be expressly excluded from the operations of such an Act, except so far as shall be necessary to the assurance that they fulfil the conditions of such exclusion.

The Departmental Committee appointed by the Board of Agriculture and Fisheries has shown that the obstacles that beset the dividing up of an estate into a number of small holdings are "the first capital expenditure needed to provide cottages and buildings with proper sanitation and water supply, and the provision of fences and roads for the successful occupation of the buildings." This has been estimated by the Committee to amount, on a holding of 30 or 40 acres, to about £12 per acre. The rent for such a holding, to cover rent of land and buildings and interest on State loan, as well as sinking fund and annual repairs, could not be less to a small holder than 37s. 5d. per acre per annum. The obstacle that at present chiefly hinders a free provision of small holdings is therefore the fact that for every holding of 30 acres £360 capital needs to be expended.

The functions of Parliament with regard to the whole question thus fall under three heads—

I. The provision of the land.

II. The provision of the necessary buildings and roads.

III. The provision of suitable tenants.

I. The provision of the land.—Granted that the nation has no right to disturb the occupation of land which is already providing its due share of produce, and that every acre of land in the kingdom should contribute to the national welfare in some way, it follows that the function of Parliament in relation to this question is to determine and provide the means by which every acre of land in the kingdom, which is not domestic land, may be passed in review by competent experts at recurrent intervals, and adjudged to come up to, or fall below, a certain minimum standard of productivity, or of usefulness for the welfare of the population. All land adjudged to come up to the required standard should be registered, and be free for a specified term from further claims from the State. On the other hand, all lands falling below the required standard should be labelled “non-productive,” or “waste,” and be subject to a tax proportional to the extent of such non-production.

As a result of the proposed legislation three courses would be open to the owner of such non-productive land.

1. By paying the tax he could contribute to the State funds. This might be regarded as an equivalent for the produce which his land should be yielding to the nation.

2. By improving the cultivation of the land, and bringing it up to the required standard of productivity, he would provide work for his poorer neighbours.

3. By failing to pay or to cultivate, he would *provide land* for State confiscation—“confiscation,” however, in this case standing for *purchase* at State valuation. Although in any one year the amount of land falling in to the nation would probably be small, yet, as time went on, the aggregate amount of “confiscated” land would be considerable.

As to the machinery by which these changes should be brought about—it would become necessary to appoint a “Board of Land Commissioners” to define the *standard of productivity*; which land must reach to escape taxation, and to act as the

Court of Appeal in all agrarian disputes. For the purpose of determining whether any land comes up to, or falls short of, the Parliamentary standard, one or more "Land Courts" should be established in connection with every County Council. Half the members of each Land Court should be nominated by the County Council, and half by the Board of Agriculture—on the advice of the nearest Royal Agricultural College. Each Land Court should receive from every Parish Council in its respective county or division a map of the land within the parish area, with a clear and detailed report of the use to which each land-area is put, and the extent of its productivity. Such reports should be rendered annually, and should deal with matters of fact only, and should express no opinion as to whether any land-area comes up to the required standard or not: that should be determined solely by the Land Courts.

After adjudging any land to be unproductive, the Land Courts should report their decision to the Board of Land Commissioners, with all details necessary for the assessment of taxation.

II. The provision of the necessary buildings and roads.—Some of the land available for distribution through the agency of a tax on ill-cultivated areas would be sufficiently near to the homes of the people to be let profitably as allotments; on such land but little capital outlay would be necessary. Other estates, however, would more conveniently be divided into "small holdings" of 20 or 30 acres. It is estimated that £12 an acre would suffice to provide a comfortable eight-roomed house and all the other constructions needful for a 30 acre plot. If the house were built of wood, the expense would be reduced to about £9 an acre. On any farm of this size it is evident that some £350 would have to be spent before it would be available for occupation. Multiply this sum by the number of 30 acre plots capable of being disposed of in any one year, either by the State or by land-owners, to suitable tenants, and we have the financial problem consequent on taxation of unproductive land. No satisfactory estimate, however, can be made at present even of the number

of acres which would be available for distribution in this way, to say nothing of the suitable tenants. If, in all England, there were only found a yearly average of a hundred such plots and tenants, no very special provision need be made to meet the required outlay of £35,000, since the improvement in culture throughout the country consequent on the new tax would inevitably result in increased revenue. If, on the other hand, as is quite possible would be the case after a few years, ten or one hundred times as many plots were needed, the difficulty of finding the money would approach in magnitude the problem which has to be solved when a new *Dreadnought* is to be built, or a week of warfare entered upon. In this case, however, the whole of the money advanced would be repaid, principal and interest, in about forty years, while, instead of the waste of war, or the wearing out of a ship, the now productive land would be repaying the State over and over again in the fruits of the soil and the proceeds of labour.

III. The provision of suitable tenants.—It would be useless for Parliament to find land and houses suitable for practical agriculturalists unless it could also secure a steady demand for them by those who would be likely to put them to profitable use. It is not to be supposed that the State would be justified in letting these well-furnished plots to those who would be unlikely to make them pay. Successful applicants would, therefore, need to produce some testimonial of agricultural experience and skill, as well as of physical fitness for a life of considerable hardship and toil. Probably few of our city-bred people would fulfil these conditions. As to the rural population, Mr. E. G. Lamb estimates that out of a village of some three hundred souls, not more than eight would be altogether competent to deal with a "small holding" even of from three to eight acres. This is the opinion of one who speaks from personal experience; for larger holdings the percentage of suitable tenants would be considerably less, but we may assume that 3 per cent. of the population actually engaged in agriculture would be possible candidates for "small holdings" of some kind, as distinguished from "allotments." Now we have already

seen that the number of persons employed in agriculture at the present time in England is about 1,000,000. Three per cent. of these would give about 30,000 persons capable of dealing with a "small holding." It is not to be supposed that all of these would apply for "confiscation" plots or for "national-loan holdings" (as owners might call those lands on which they had built houses with the aid of a Government grant), nor would all of them apply at once. Assuming that two-thirds of these efficient agriculturalists ultimately decided to apply, then, during the ten years following the passing of the "Unproductive Lands Taxation Act," there would be an average annual demand for two thousand "small holdings." Meanwhile, there are over 28,000,000 of acres of English soil "under permanent grass," and the number of acres so used is yearly increasing. It may well be that a good deal of this land would not come up to the required standard of productivity, and that the effect of the proposed tax would be to free a good many more acres for allotments than would be needed as small-holdings. If this were the case there would be no lack of tenants ready and willing to take up small plots at remunerative rents for working in their spare hours. In the few places where land is now to be had freely in this way, the demand always equals the supply. Mr. J. Wright, late editor of the *Journal of Horticulture*, says that in the neighbourhood of Nottingham there are over 5000 such plots "growing fruits and vegetables of the best variety and the highest quality." Mr. Wright believes that—

"when the art of cultivation of the soil is fully acquired and generally exercised, our native land will become one of the most fertile spots on earth; for even now, with ordinary methods of working, the average return per acre of our useful crops of grain and roots is greater than in any other kingdom in Europe or state in America."¹

(The only exception, he says, is the wheat crop of Holland, Great Britain taking the lead in average yields of all other useful crops.) Let us remember that it is land of this fertility that has been yearly going out of cultivation to be put "under permanent grass;" and, if the State is at last awaking to a

¹ *Primer of Horticulture*, p. 144.

sense of its duty to the people by securing that ill-cultivated areas shall be available for distribution among suitable applicants, it owes also a duty to the unrivalled soil of which its territory is composed. The education of the young in the best methods of agriculture, by training them in habits of observation and general intelligence, prior to giving them technical instruction, is as much a duty of the British State to the British soil and to the British agriculturalists, as it was an evidence of the wisdom and scientific capacity of the Dutch Government, when adopted by them, to the lasting benefit of the Dutch people and of the trade of Holland.

A broad base is needed for a high super-structure, and if we would have highly trained agriculturalists in our "confiscation plots," and on our "national loan" holdings, as well as in our large farms, we must have a wide area of rural agriculturalists from which to draw them. To this end the State should promote the teaching of agriculture in a large number of centres and establish "Demonstration Plots," worked by skilled horticulturalists in almost every district, while every parish council should be instructed to secure allotments for all efficient pupils.

In conclusion I will recapitulate the probable outcome of the legislation proposed in this paper:—

I. All estates which are *at present well managed*, from an agricultural point of view, whether they be farmed by the owner himself, or be let to others in large or small holdings on whatever tenure, would be wholly unaffected by the proposed law, since they would be sure to be judged "up to the parliamentary standard."

II. All estates, or parts of estates, which were *questionable, productive*, and in some danger of being adjudged below the required standard, would tend to become better cultivated through the employment of more labour—whereby not only would their improved culture result in an increase of production, but the number of the unemployed in the neighbourhood would be by so much diminished, while the income of the owner himself would probably be increased.

III. In the case of estates composed of, or including, areas of *ill-cultivated or waste-land*, the owner, in most cases, would improve the culture of all such portions as he could afford to spend money upon, and, rather than pay tax on the rest, would sub-let, sell, or even lend it for a time to any one who would undertake to bring it up to the parliamentary standard. In this way a large amount of land would become available throughout the kingdom for purchase or hire on reasonable terms. In other cases, a wealthy owner, anxious to retain the privilege of keeping his land in an unproductive condition, would pay the tax in full; whereby the State would benefit by the amount, and its just claims upon the soil would be recognized in terms of £ s. d. In yet other cases, perhaps, rather than take the trouble to sub-let, and being unable or unwilling to pay the tax, an owner would allow the State to take over his unproductive lands at its own valuation.

Thus in each of these cases the State would stand to win; in the first event by the best agriculturalists being unaffected by the proposed Act, and their prosperous administration being in no way hindered or interfered with by official zeal; in the second event, by a general improvement of culture and an increase of employment throughout the country; and in the third event, either by pecuniary or territorial advantages.

In addition, much land would become available for public distribution, and this not necessarily by confiscation, but in the normal way of treaty between the owner and a purchaser or tenant possessed of some capital.

With regard to owners of vast areas of sterile or waste lands, now devoted to grouse or deer, and of mountainous districts from which the public are now excluded, should the tax, by reason of the size of the estate and the relative poverty of the owner, be greater than he could possibly afford to pay, an alternative to confiscation might be proposed, viz. that on the owner undertaking to open up these lands to the occasional use and enjoyment of his fellow countrymen, he should be permitted to retain their possession for purposes of sport on payment of an annual fine, which should be nominal in all cases where the

land had not become waste through manifestly iniquitous evictions within the last one hundred years.

In the course of time a very gradual increase in the amount of the tax and, with improvement in agriculture, an equally gradual raising of the standard by which the productivity of the soil could be judged, might lead to more and more land falling under State control, or, with changes of government, fluctuations in the height of the standard and the amount of the tax might obtain. But no revolutionary scheme would ever be likely to supersede some such genuinely automatic settlement of the land question of Great Britain.

T. PRESTON LEWIS.

THE ECONOMIC POSITION.

I. THE MONETARY STRINGENCY (*continued from page 209*).

March 25.—Great panic on New York Stock Exchange, and severe fall in value of securities. (The deposits of Customs receipts from the Treasury had not yet begun to alleviate the situation. It is interesting to quote New York opinion of the working of the American Treasury system before the Aldrich Act was passed (see p. 208). "The Sub-Treasury is beyond a doubt the agency which is working the discomfiture of our money market. The vaults . . . hold to-day 20 million dollars more cash than on January 1, 1907. In other words, while our people have been so fearfully harassed on account of the growing stringency in money, that rapacious piece of machinery has been allowed to go on working so as to take away day by day—by a sort of slow torture—from our bank reserves 20 million dollars of cash. Suppose the banks had continued to have that money through these three months. Besides, that is by no means the worst phase of the harm the trading public has suffered through the action of this fearful contrivance." The journal then proceeds to describe the situation outlined on p. 208.—New York *Financial Chronicle*, March 30, 1907.)

American Secretary of Treasury, in order to check the fall in value of public securities, and to facilitate the redemption of U.S. 4 per cent. bonds of 1907, agrees to accept other high class State, railway, and municipal bonds as security for public deposits. (This action is taken in continuation of Secretary Shaw's rather wide interpretation of the American statutes detailing the form of security to be held by the National banks. Owing to the rapid redemption of the American National Debt, Government securities are scarce, and this acceptance of other high-grade bonds therefore widens the field open to the banks, and tends to alleviate stringency.)

New York buys £400,000 in gold in London bullion market at 77s. 10½d. per oz.

March 26.—American Secretary of Treasury authorizes Customs authorities to deposit \$15,000,000 with New York banks for purpose

of facilitating redemption of 4 per cents. and offers to anticipate interest on 2 per cent. and 4 per cent. bonds.

March 29.—New York banks receive during week \$10,311,000 of Customs deposits.

March 31.—British trade returns show that reserve stock of gold in United Kingdom has increased by £3,652,240 during three months ending March 31, 1907.

April 2.—Deposits of gold from vaults of Sub-Treasury into New York banks being rapidly made, and now reported to amount to \$16,000,000.

New York cable exchange on London rises smartly from 4·8450 to 4·8525. (This is an interesting move, and indicates preparations for the return to New York of the large amounts of American loans being held in London by reason of the deadlock in the United States. The deposits from the Sub-Treasury relieve this deadlock, and provide American bankers with margin wherewith to carry their own loans instead of being forced to send them to London.)

New York buys £650,000 in gold in London bullion market at 77s. 10½d. per oz. (The rise in the American exchange on London is making it perilous to buy gold in London.)

April 3.—American Secretary of Treasury proposes to refund into 2 per cent. consols \$50,000,000 of the 4 per cent. bonds of 1907, and to redeem the remainder, about \$47,000,000, in cash at maturity.

New York exchange rises to 4·8530. (This rise has now made it unprofitable to ship to New York the £650,000 of gold bought in London yesterday, and £150,000 of it is resold to the Bank of England at the reduced price of 77s. 10d.)

April 4.—New York Exchange rises to 4·8570.

Relief to the New York banks extended by American Secretary of Treasury estimated to amount to \$36,297,000, made up as follows:—

I. RELIEF TO NEW YORK BANKS BY SECRETARY OF TREASURY.

		Dollars.
Deposits of customs receipts under Aldrich Act	.. ..	17,297,000
Payments for 4 per cent. bonds under offer of March 14	.. ..	16,500,000
Anticipated April interest on Government bonds	.. ..	2,500,000
Total	.. ..	36,297,000

(This is a very great relief also to London, and the process of the retransfer of the accumulated mass of American loans across the Atlantic will soon be witnessed.)

April 5.—New York exchange rises to 4·8590.

April 6.—New York resells to Bank of England the balance (£500,000) of the gold bought on April 3 at reduced price of 77*s.* 9½*d.* (The purchase of this gold, owing to the movements of the exchange, has thus resulted in a loss to the purchasers).

London market rate falls. (*I.e.* 4½%, as against 5 per cent. bank rate. This is another indication of the pending transfer of loans. Obviously if the demand for credit in the London market lessens, market rates of discount must come down correspondingly.)

April 8.—New York having ceased to compete for gold in the London market, the Bank of England secures the entire supply. Price of gold falls to the statutory rate of 77*s.* 9*d.*

April 10.—New York exchange rises to 4·8630.

Bank of England "stock of coin and bullion" and "reserve" begin to increase instead of diminishing, as is usual at this period of the year, and substantial increases are recorded.

London market rate continues to decline rapidly, and to-day reaches 3½ per cent., or 1½ per cent. below the bank rate.

April 11.—Bank of England reduces rate to 4½ per cent. (A rate of 5 per cent. would not have been effective with outside market rates at 1½ per cent. below this figure. It is interesting thus to see how close is the quite involuntary connection between the New York Treasury and the Bank of England.)

Foreign exchanges begin to move against London. (When the Bank of England rate is reduced, it is obviously less profitable to employ capital in London, as all the bankers reduce their rates of interest in "deposit accounts" proportionately. Consequently there is a tendency for capital to seek more profitable employment elsewhere, and, as a consequence of this, all the foreign coins have a slightly greater value in terms of sovereigns. The value of the sovereign falls in France from 25 francs 26 centimes to 25 francs 24½ centimes, in Germany from 20 marks 51½ pfennigs to 20 marks 50½ pfennigs, and in Austria from 24 krone 15½ keller to 24 krone 12½ keller. Similar movements obtain on all other foreign exchanges.)

April 12.—Treasury relief to New York banks lessens. It is estimated that under the Aldrich Act \$17,510,000 has been deposited in the New York banks, and about \$5,000,000 in other banks throughout the States.

Foreign exchanges continue to move against London. Paris is now 25 *l.* 24 *c.*, Berlin 20 *m.* 49½ *pf.*, and Vienna 24 *k.* 10½ *kr.*

April 13.—New York banks in their weekly statement reveal the first instalment of the heavy loans mostly transferred from London. The loans show the almost unprecedented increase of \$37,000,000.

Foreign exchanges continue to move against London. Paris is now 25 f. 23 c., Berlin 24 m. 48½ pf., and Vienna 24 k. 09½ kr.

April 15.—London market rate declines to 3½ per cent.

Foreign exchanges continue movement. Paris 25 f. 21½ c., Berlin 20 m. 48½ pf., Vienna 24 k. 08½. Netherlands Bank reduces rate of discount from 6 per cent. to 5½ per cent.

April 16.—Bank of France begins to withdraw from England gold lent in November, 1906 (see p. 94), and £200,000 in gold leaves for Paris. (It is probable that the recent steady movement of gold out of France will now be checked, and a reverse movement set in action. The stock of gold in the Bank of France is now £14,872,000 less than a year ago. The stock of silver has also diminished by £2,787,000 during the same period. Meanwhile the tendency of the French note-issue has been to expand. It is not only to the Bank of England that France has been lending gold recently. The United States exercised pressure on France directly as well as through London, and during 1906 \$17,198,791 worth of gold was shipped direct from Paris to New York. It will also be remembered that an abnormally high rate of discount has been ruling in Russia, and much French gold has consequently been passing into Russia. In view of this condition of affairs, French competition for gold may be expected in the London bullion market.)

April 17.—Bank of England reserves continue to increase rather than decrease, and the reserve is now better than in 1905 or 1906, though the stock of bullion is not yet as good as in 1905.

April 18.—American Secretary of Treasury discusses question of public deposits in banks informally with New York bankers.

April 19.—New York exchange rises to 4·8675.

April 20.—New York banks report second instalment of heavy loans transferred. The increase this week is \$25,300,000. The loan account is now higher than at any time in 1906, and is approaching the high levels of 1905.

April 22.—New York exchange rises to 4·8680.

London market rate, relieved of the pressure of American securities, continues to decline, and now reaches 3 per cent., or 1½ per cent. below the bank rate or "official minimum."

April 23.—Bank of France withdraws £254,000 from Bank of England.

Foreign exchanges, anticipating the inevitable further reduction in the Bank of England rate, continue to move against London.

Imperial Bank of Germany reduces rate from 6 per cent. to 5½ per cent. Netherlands Bank reduces rate from 5½ to 5 per cent.

April 24.—London market rate declines to $2\frac{7}{8}$ per cent.

April 25.—Bank of England rate reduced to 4 per cent. Foreign exchanges continue movement. Paris 25 f. $17\frac{1}{2}$ c., Berlin 20 m. $46\frac{1}{2}$ pf., Vienna 24 k. $05\frac{1}{2}$ kr.

April 29.—Paris buys £250,000 gold in London market at 77s. $9\frac{1}{2}$ d. (This is a separate transaction, and does not lessen power of Bank of France to draw on Bank of England in respect of the maturing finance bills.)

April 30.—British trade returns show that reserve stock of gold in the United Kingdom has increased by £5,511,399 during 4 months ending April 30, 1907.

May 2.—Indian banks reduce rate of discount. (Bengal 7 per cent. to 6 per cent., and Bombay 8 per cent. to 7 per cent.)

May 4.—New York banks report loan expansion of \$16,900,000. (The loans are now £19,642,000 above the figures of 1906, and £9,640,000 above those of 1905 at this date. This large increase gives some idea of the magnitude of the pressure exerted by the stringency of 1906.)

May 10.—London *Times* announces that Special Sub-Committee of English Bankers appointed on March 14, 1907 (p. 209), to consider best means of increasing British gold reserves has failed to arrive at an agreement owing to the fact that the "opposition, which seems to have been keenest among the country bankers, has proved too strong, and hopes of voluntary action have now been abandoned." (This announcement appears to lack official authority, and is apparently inaccurate.)

Bank of Bombay reduces rate from 7 per cent. to 6 per cent.

May 11.—New York bank loans record diminution of \$14,100,000. (Loans generally zigzag, and opinion as to the permanence of this downward movement should be reserved.)

May 16.—Bank of Bengal reduces rate from 6 per cent. to 5 per cent.

May 17.—New York cable exchange on London rises to 4·8735. (When this exchange rises above 4·8700, there is a risk of gold leaving America, and this position is accentuated by a rumour that the Bank of France is prepared to imitate the device initiated by the American Secretary on April 14, 1906 (p. 90), of paying interest on gold in transit, and thus annihilating distance between France and America. Consequently, a gentle reminder seems to have been given to the New York banks that their present favourable position is due to the voluntary deposits of Customs receipts under the Aldrich Act, and that the same hand that made the deposits could withdraw them if the gold were seen to be leaving the country.)

May 20.—American railway and industrial stocks fall about 2 per cent.

May 21.—(*British Bankers' Magazine* reports that since December 12, 1906, the value of 387 representative securities on London Stock Exchange has fallen by £185,969,000. (This is really a serious fall, and shows the world-wide character of the present movement.)

May 22.—American stocks partially rally.

Paris exchange, which has been continuing to move against London, is now down to 25 f. 13 c. ; Berlin is 20 m. 44½ pf.

May 23.—American stocks again fall.

May 27.—Paris competes in London with Bank of England for gold on market, and secures nearly whole of consignment, i.e. £600,000 to £700,000 at 77s. 10½d. Firm of London stockbrokers default.

May 28.—Gold engaged in New York for Paris.

May 29.—\$2,000,000 more gold engaged in New York for Paris.

May 30.—Another firm of London stockbrokers default.

May 31.—British trade returns record net improvement in British gold position of £7,824,517 to May 31, 1906.

June 1.—Total of gold engaged in New York for Paris during week amounts to \$3,310,434. (The movement is evidently acquiring considerable proportions, and exchange remains quite firm at 4·8725. Paris is paying interest on transit. An interesting situation is developing as to the policy of the American Treasury in the face of this position.)

June 3.—Failure in Glasgow.

Paris again competes with Bank of England for gold on market and secures nearly whole of consignment at 77s. 10½d.

New York loans increase by \$13,500,000.

June 4.—British 2½ per cent. consols record new low level, i.e. 83½.

June 6.—Bank of Bombay raises rate of discount from 6 to 7 per cent. New York exchange rises to 4·8750.

June 7.—Old-established firm of London stockbrokers default.

June 8.—Total of gold engaged in New York for Paris during week is \$7,100,000, making a total of \$10,400,000 since movement began on May 28. New York exchange rises to 4·8760. (The firmness of the exchange in the face of these heavy gold exports is remarkable, particularly in view of the overhanging power for action of the U.S.A. Treasury.)

June 10.—Paris abstains from competition in London bullion market, and the Bank of England secures £500,000 at 77s. 9½d.

June 11.—Well-known firm of New York steel contractors fail.

June 12.—American Secretary of Treasury orders depositary banks to return \$30,000,000 of Government deposits by July 10. (This is not an order to the banks to return to the Treasury the public money

deposited under the Aldrich Act. The order is to return the money specially deposited by the Treasury on September 27, 1906 (p. 98). The repayment was postponed on January 10, 1907 (p. 204), but the continued exports of gold to Paris now convey the presumption that New York bankers have gold to spare, and so the Treasury orders the repayment. The act is timed with a good deal of consideration, as it is the intention of the Federal Government to devote the great surplus of 1906-7 (Table XX.) to Debt Redemption, and \$36,000,000 of debt is to be paid off on July 1. Consequently the transaction will be of the nature of a mutual cancellation of the respective obligations of the Treasury and the banks. Of course the holders of the Debt Bonds are resident all over the United States, and it may not be possible to complete the collection by July 10, when the \$30,000,000 have to be returned. There may, therefore, be a temporary stringency during July, and it is probable that the value of call money in New York will rise and gold exports from the United States thus be discouraged, if not rendered actually unprofitable.)

June 13.—Two minor firms of London stockbrokers and one Philadelphia firm default. Rumours of embarrassment of Egyptian house with Paris connection.

June 14.—New York exchange rises to 4·8765. (This firmness of the exchange seems to indicate that certain bankers are determined that gold exports from the States shall continue for the present, despite the action of the Secretary of the Treasury. The result can only be the diminution of the surplus reserves in New York, and the further curtailment of facilities for loans, which will react on the development of American railways—already greatly hampered—so that it is possible that there may be some renewal of American pressure on London.)

June 15.—New York exchange rises to 4·8770. (To get to this high figure it is necessary to go back to the sharp spurt upwards in February 10, 1906). New York banks surplus reserve diminishes to \$4,512,000. (The surplus reserve at this date in 1906 was \$7,073,000, and that was prior to the deposit of Government money.)

June 17.—New York exchange rises to 4·8785. (A fear is expressed in New York that the Bank of England may take advantage of this high exchange to offer to pay interest on gold in transit as is now done by other central banks. It is very doubtful, however, if the Bank of England will consent to so marked a departure from traditional policy as payment of interest during transit. If any London bullion broker were to find it profitable to import gold, the Bank of England would of course buy it from him at the standard price, but that would be a private market speculation on the part of the firm

in question, and the bank's attitude would be merely passive.) British 2½ per cent. consols establish new low record of 83½.

THE TREASURY POSITION.—(i.) British.—The Chancellor of the Exchequer delivered his Budget Statement on April 18th, and as a good many questions of current financial policy are involved, it may be useful to summarize the situation under the following heads:—

- (a) The Process of Debt Redemption.
- (b) Old Age Pensions.
- (c) The Income Tax.
- (d) The Death Duties.
- (e) The Assigned Revenues.

(a) The Process of Debt Redemption.

This is dominated by the situation created by the South African War, which in three years wiped out the savings of thirty previous years. It is perhaps not always understood that on March 31, 1899, just before war broke out, the financial position of the country was better than on any previous occasion since the Napoleonic wars. The National Debt was on that date £635,000,000. By the end of the first year of war the savings of the period between 1888 and 1899 had disappeared. The second year of war obliterated seven years' additional savings, and took the country back to the position it occupied in 1881. The third year, by which time all war charges had been taken into account, had absorbed ten years' more savings, and when the debtor and creditor accounts had been adjusted, and the books finally balanced, the taxpayer was confronted with a debt of £798,000,000 or, roughly, the position of 1871.

The following table shows the actual figures:—

II. POSITION OF THE BRITISH NATIONAL DEBT BEFORE THE WAR

									£
1871	..	..	..	..	..	..	..	..	787,343,229
1881	..	..	..	..	..	..	..	..	765,206,030
1888	..	..	..	..	..	..	..	..	704,634,952
1899 (low record)	..	..	..	..	..	..	..	..	635,393,734
<i>War declared.</i>									
1900	..	..	..	..	..	..	..	..	638,919,931
1901	..	..	..	..	..	..	..	..	703,234,349
1902	..	..	..	..	..	..	..	..	785,215,653
1903 (high record in recent years)	..	..	..	..	..	..	..	..	798,349,190

It may be useful to summarize the various forms of the additional debt contracted during the war, as stated by the Chancellor.

III. ADDITIONS TO BRITISH NATIONAL DEBT DUE TO BOER WAR.

	£
Treasury bills	13,000,000
Exchequer bonds	24,000,000
War loan stock (redeemable in 1910)	30,000,000
Consols (new issues)	92,000,000
Total war debt	£159,000,000

The year 1899 may thus be regarded as the low-water mark of British debt, and 1903 as the modern high-water mark. Since 1903 the tide has again begun to ebb, and the following figures show the subsequent position :—

IV. REDEMPTION OF BRITISH NATIONAL DEBT SINCE THE WAR.

	£
March 31, 1903 (high record in recent years)	798,349,190
" 1904	794,498,100
" 1905	796,736,491
" 1906	788,980,187
" 1907	774,164,704

The position in 1907 would thus appear to be approximately parallel to that of 1873. Actually, however, it is rather better, owing to the obliteration on March 31, 1894, of the debt of £4,000,000 raised in 1876 for the purchase of the Suez Canal shares. Since this debt was extinguished, the commercial value of these shares has rapidly advanced, and their market value is now estimated to be over £31,000,000. If this amount be entered—as it should be—as an asset against debt, the present debt would stand at £743,000,000, or approximately the position in 1886.¹ Therefore the position appears worse than it really is, and it is this knowledge which has emboldened the Chancellor to begin to accumulate a fund that may possibly form a nucleus for Old Age Pensions.

To understand clearly the nature of the financial process now in operation, it is necessary to go back to 1876, when, in order to ensure steady and progressive reduction of debt, a certain fixed sum was set aside out of the annual revenue. A portion of this sum was to be devoted to the payment of current interest on outstanding debt, and the balance was to be applied to debt reduction. This sum was technically known as the "New Sinking Fund," and the amount was fixed (after three years'

¹ The 1907 National Debt Return estimates the value of the Cunard debentures held as security by the Government at £2,422,765. There are also the Colonial contributions to the Pacific Cable and other minor items, bringing the total assets exclusive of the Suez Canal shares) to £4,272,863. This would bring the present net debt to just below £739,000,000. This, however, does not bring it down to the 1887 level, which was just over £736,000,000.

interval) at £28,000,000 per annum. Of course, as the principal of the debt became automatically reduced year by year, the payments for interest became correspondingly less and less, and the balance available for debt redemption correspondingly more and more. Therefore, as years advanced, £28,000,000 became an unnecessarily heavy charge upon the taxpayer, and the sum was accordingly reduced in 1888 to £26,000,000 per annum, and in 1890 to £25,000,000 per annum. Time went on. Year by year more debt was paid off. Year by year the interest on the unpaid balance became less. The regularity of the process can best be seen from an exemplary table :—

V. THE OPERATION OF THE NEW SINKING FUND.

Year.		Interest, etc. £		Debt paid off. £		Total £
1890-1	.. ..	19,201,356	.. ..	5,798,844	.. ..	25,000,000
1891-2	.. ..	18,716,918	.. ..	6,283,082	.. ..	25,000,000
1892-3	.. ..	18,656,380	.. ..	6,343,620	.. ..	25,000,000
1893-4	.. ..	18,422,497	.. ..	6,577,503	.. ..	25,000,000
1894-5	.. ..	18,448,217	.. ..	6,551,783	.. ..	25,000,000
1895-6	.. ..	17,861,174	.. ..	7,138,826	.. ..	25,000,000
1896-7	.. ..	17,779,057	.. ..	7,220,943	.. ..	25,000,000
1897-8	.. ..	17,639,708	.. ..	7,360,292	.. ..	25,000,000
1898-9	.. ..	17,423,399	.. ..	7,576,601	.. ..	25,000,000
1899-00	.. ..	17,198,263	.. ..	8,801,737	.. ..	23,000,000

War Period.

1903-4	.. ..	20,490,068	.. ..	6,509,932	.. ..	27,000,000
1904-5	.. ..	19,558,980	.. ..	7,441,020	.. ..	27,000,000
1905-6	.. ..	19,210,337	.. ..	8,789,663	.. ..	28,000,000
1906-7	.. ..	19,195,000	.. ..	9,805,000	.. ..	29,000,000
1907-8 (estimate)		18,617,000	.. ..	10,883,000	.. ..	29,500,000

It will be seen from this table that on March 31, 1899, the annual payment was further reduced to £23,000,000, but the war caused the cup of satisfaction to be snatched from the taxpayer just as he had begun to taste it, and it was returned to him four years later with an additional £4,000,000, to which two years later a further £1,000,000 was added.

The "New Sinking Fund" was now up to £28,000,000, i.e. the level of 1876, or £5,000,000 above its position before the outbreak of war.

From a financial point of view, an annual contribution from the taxpayer of this magnitude is sufficient, and there was little need for a further augmentation. Indeed, it is a question whether the increase from £27,000,000 to £28,000,000 was really called for from the aspect of the situation. If the amount had been left at £27,000,000,

redemption would have proceeded at £7,500,000 per annum, increasing annually, and this minimum, it will be observed, was nearly as great as the maximum during the previous decade. But grounds of public policy have determined otherwise, and the continuation of the table to the present date shows clearly the increasingly abnormal rate at which debt is being paid off. It will be seen that each year witnesses a successive augmentation of the rate. In 1906-7 the addition was £500,000, making the total £28,500,000, and in 1907-8 there is to be added a further million, increasing the total to £29,500,000.

The fact that these two recent augmentations are avowedly of a temporary character does not alter the actual effect upon present taxation. The process in operation may be likened to that performed by a tidal weir. When the tide flows in, the weir does not operate. When the tide turns and begins to flow out, the weir begins to act and dams up the water behind it that would otherwise have freely flowed away. In other words, taxation, instead of gradually diminishing, is being artificially dammed up for an ulterior purpose. The process is an interesting one, but not devoid of risk. As the tide lowers, so the pressure of the pent-up taxation increases, and the perils of politics are such that it may quite well happen that the Government that has retained the taxation may not be the Government that has to deal with it.

This process of damming up taxation rather than reducing it renders it somewhat difficult to follow the level to which taxation would have diminished had the natural outflow not been intercepted, but it is proposed to endeavour to ascertain this by keeping up to date Table II., published on p. 210.

VI. (BOMB) WAR CHARGES DUE TO BE ENFORCED FOR 1907-8.

	£
1. Income tax	10,250,000
2. Beer and spirit duties	2,850,000
3. Tobacco duties	2,000,000
4. Sugar duties	6,100,000
5. Tea duty	1,000,000
Total	£22,000,000
Deduct—	
Temporary augmentation of New Sinking Fund	1,500,000
Income tax changes ¹	2,000,000
	<u>3,500,000</u>
Balance of war charges still outstanding ..	£18,500,000

¹ These changes are estimated in the aggregate to reduce taxation by £2,000,000, but £750,000 of this amount will fall into the account for the financial year 1908-9.

It is obvious from these figures that much water will have to run before taxation can be expected to return to the level it occupied before the war, and the financial situation is such that even old age pensions can hardly claim to be regarded as more than a somewhat favoured suitor for future favours. The more orthodox course would undoubtedly have been first to have cleared off the war debt, and then to have begun with an old age pension fund; but the history of nations gives small ground for the belief that so humdrum a policy will be pursued. It will therefore be necessary to follow from time to time with some care the developments of the situation.

It should be borne in mind that the New Sinking Fund does not represent the sole means whereby debt is extinguished. It is the practice to devote the year's balance of income over expenditure also to this purpose, and this balance is known as the "Old Sinking Fund." It is obvious that Chancellors by framing their estimates on conservative lines practically ensure large balances—or "surpluses," as they are popularly known—at the end of the financial year. This is another form of damming up taxation, and the following table shows that this process is also in operation concurrently with the similar process going on in respect of the New Sinking Fund:—

VII. THE OPERATION OF THE OLD SINKING FUND.

Surplus realized at end of financial year 1904-5	..	..	£ 1,413,907
" " " 1905-6	..	..	3,466,000
" " " 1906-7	..	..	5,399,000

Opinions may vary as to the prudence of a financial policy of this character, but it is probably conceived in the truest national interest. The whole financial field is now dominated by the course of prices of commodities, and it is clearly economical to redeem debt at a rapid rate while prices are rising. The reason for this is twofold. In the first place, in a rising market, there is, for a time, general prosperity. At such times heavy taxation can be borne without much inconvenience or impediment to trade. All statistics go to prove that this is the present position in the British Isles. In the second place, high prices of commodities mean depressed values of securities. Therefore, for a given expenditure, more debt can be purchased and redeemed than would be possible at other times.

Therefore the present policy, while not causing any particular harm to any one, is yet making preparation for the inevitable rainy day, and for that reason it deserves support.

(b) Old Age Pensions.

The question of old age pensions was tentatively referred to in the Budget Statement, and the Chancellor in this connection made a somewhat guarded reference. He has evidently been impressed with the recent growth of poor law expenditure (see Table III., p. 214), and he said that he counted with confidence on further economies of expenditure, "and nowhere with more hope than in the department of expenditure that deals with the relief of the poor." The Minister at the head of this department is not quite as sanguine as the Chancellor. Speaking to the House of Commons on May 11, he said, "They were told they could save from the poor law. He did not believe it. He believed that at the outside they could not save more than one or two millions." It would be useful to be informed of the figures forming the basis of this calculation. As stated on p. 214, the total expenditure on poor-law relief was about £16,000,000 in 1902-3, and of this sum it would seem that the proportion given to persons over sixty-five years of age in workhouses and in outdoor relief should be greater than one or two millions.

The President of the Local Government Board also furnished the House of Commons with the following figures:—

VIII. ESTIMATED COST OF OLD AGE PENSIONS OF 5s. PER WEEK.**A. All persons (universal scheme).**

						£
65 years old and over .. .. .	..	..	..	..	..	29,000,000
70 years old and over .. .. .	..	..	..	..	..	13,000,000
75 years old and over .. .. .	..	..	..	..	..	8,000,000

B. Deductions as laid down by Hamilton Committee, and with paupers, casuals, vagrants, lunatics and criminals excluded.**(a) Above 65 years of age.**

Estimated cost in 1907 .. .. .	..	..	..	..	..	10,780,000
" " 1911 .. .. .	..	..	..	..	..	11,000,000
" " 1921 .. .. .	..	..	..	..	..	12,000,000

(b) Above 70 years of age.

Estimated cost in 1907 .. .. .	..	..	..	..	..	6,250,000
" " 1911 .. .. .	..	..	..	..	..	6,273,000
" " 1921 .. .. .	..	..	..	..	..	6,727,000

(c) Above 75 years of age.

Estimated cost in 1907 .. .. .	..	..	..	..	..	3,030,000
" " 1911 .. .. .	..	..	..	..	..	3,140,000
" " 1921 .. .. .	..	..	..	..	..	3,465,000

It is desirable to place in conjunction with these figures some data

respecting the Contributory Pension Scheme of the German Government, which was established in Germany on January 1, 1891. The total amounts that have been paid away are shown in the following table :—

IX. AMOUNT PAID IN OLD AGE AND INFIRMITY PENSIONS (GERMANY).

Year.				Old age.	Infirmary.	Premiums refunded.	Total.
				£	£	£	£
1891	..	..	..	765,335	5	—	765,340
1892	..	..	..	1,053,580	67,670	—	1,121,250
1893	..	..	..	1,138,165	284,145	—	1,402,310
1894	..	..	..	1,223,720	508,660	—	1,732,380
1895	..	..	..	1,328,820	776,280	10,970	2,116,070
1896	..	..	..	1,370,645	1,055,060	98,770	2,524,475
1897	..	..	..	1,381,215	1,369,315	169,550	2,920,080
1898	..	..	..	1,375,945	1,738,495	224,885	3,339,225
1899	..	..	..	1,344,275	2,141,595	272,335	3,758,205
1900	..	..	..	1,311,210	2,711,225	330,835	4,353,270
1901	..	..	..	Not separately stated.		346,258	4,895,109
1902	..	..	..	..	..	356,705	5,550,916
1903	..	..	..	..	..	377,776	6,235,159
1904	..	..	..	..	..	392,908	6,835,365

Of this total, the State contributes £2 10s. yearly to each pensioner, besides paying the premiums of workmen during their period of service in the army or navy. The balance is contributed by the employers and workpeople in equal shares. The employers are responsible for the whole payment, and they have the power to subtract the contribution of the employé at the next pay-day. The actual cost to the State is shown in the following table :—

X. SOURCE OF CONTRIBUTIONS TO OLD AGE AND INFIRMITY PENSIONS (GERMANY).

Year.				Contributions by employers and workpeople.	Contributions by State.	Total.
				£	£	£
1891	..	..	..	462,850	302,490	765,340
1892	..	..	..	672,695	448,555	1,121,250
1893	..	..	..	839,225	563,085	1,402,310
1894	..	..	..	1,039,635	692,745	1,732,380
1895	..	..	..	1,275,400	840,670	2,116,070
1896	..	..	..	1,568,490	955,985	2,524,475
1897	..	..	..	1,840,240	1,079,840	2,920,080
1898	..	..	..	2,127,540	1,211,785	3,339,225
1899	..	..	..	2,411,530	1,346,675	3,758,205
1900	..	..	..	2,815,180	1,538,090	4,353,270
1901	..	..	..	3,201,573	1,693,536	4,895,109
1902	..	..	..	3,658,431	1,892,485	5,550,916
1903	..	..	..	4,142,423	2,092,736	6,235,159
1904	..	..	..	4,571,596	2,263,777	6,835,365

The average annual value of the pensions granted has been as follows :—

XI. AVERAGE VALUE OF PENSION GRANTED IN EACH YEAR (GERMANY).

Year.				Old age.			Infirmity.		
				£	s.	d.	£	s.	d.
1891	..	..	..	6	3	7	5	13	5
1892	..	..	..	6	7	4	5	14	8
1893	..	..	..	6	9	6	5	18	0
1894	..	..	..	6	5	7	6	1	2
1895	..	..	..	6	11	10	6	4	1
1896	..	..	..	6	13	5	6	6	8
1897	..	..	..	6	15	10	6	8	8
1898	..	..	..	6	18	0	6	10	10
1899	..	..	..	7	1	7	6	11	7
1900	..	..	..	7	5	6	7	2	0
1901	..	..	..	7	10	5	7	6	4
1902	..	..	..	7	13	0	7	9	9
1903	..	..	..	7	15	5	7	12	3
1904	..	..	..	7	17	2	7	15	2

The receipt of an old age pension in Germany requires the completion of the seventieth year. It is given simply for old age, even though the person be in vigorous health. There must, however, have been a "waiting time" of 1200 weeks.

The "infirmity" pensions are irrespective of age, and are awarded to persons certified as permanently unable to earn more than one-third of the wages of an able-bodied workman. There must in this case have been a "waiting time" of 200 weeks. Pensions are also given—under strict regulations—for temporary incapacity.

It will be seen that the average value of the pension in 1904 was just over 3s. per week, and that of this total about 1s. is paid by the State, 1s. by the employer, and 1s. by the employé. The cost to the State in the same year was £2,263,777. The number of pensions in course of payment on January 1, 1901, was 593,809, i.e. 188,472 for old age, and 405,337 for infirmity.

The recent statistics do not disclose the proportion of the total sum paid, that is, devoted to "infirmity" pensions. The figures given to 1900 show that the increase of this section of the scheme has been very much greater than the "old age" section, and this division is more liable to abuse than the other section of "old age."

Old age pensions are also in operation in New South Wales, Victoria, and New Zealand, and a scheme has for some time been under the consideration of the Australian Commonwealth as a whole. It is estimated on June 30, 1904, that there were 159,300 persons of

sixty-five years and upwards then resident in Australia. Of these 87 per cent. only were either born in the colony, or resident there for twenty-five years, and the proportion qualified to receive a pension would probably not exceed 39 per cent., or 62,000 persons. The cost of the scheme to the Commonwealth is estimated at about £1,500,000 per annum. The existence of these Colonial schemes, however, is of diminished value as an economic precedent, owing to the fact that Australia does not contribute an equitable share of the cost of Imperial defence. It was shown on p. 470, vol. xvi., that even excluding the interest and sinking fund on the cost of battleships, dockyards, barracks, etc., the contribution of the Commonwealth to Imperial defence should be about £6,000,000 per annum, whereas it is actually less than £1,000,000.

There seems to be no precedent for an economically self-sustained State granting non-contributory old age pensions to able-bodied citizens, and this fact affords ground for some reflection.

Another question that will need careful consideration is the position of the great friendly societies, which in the United Kingdom have attained to a perfection of organization not elsewhere known. It is understood that a Convention of Friendly Societies may be convened in the autumn to study the situation.

An alternative policy to old age pensions, and one possibly more in accord with the traditional policy of the Liberal party, is that of the "Free Breakfast Table." The extent of the field of reform open in this direction may be gathered from the following table:—

XII. TAXES ON THE BRITISH BREAKFAST TABLE, 1905-6.

1. Duty on imported chicory	..	..	..	..	48,363
2. Excise on home-grown chicory	..	..	..	..	1,447
3. Duty on cocoa	..	..	..	..	273,100
4. " coffee	..	..	..	..	181,167
5. " currants	..	..	..	..	111,431
6. " figs	..	..	..	..	57,340
7. " plums	..	..	..	..	47,496
8. " prunes	..	..	..	..	10,827
9. " raisins	..	..	..	..	248,390
10. " sugar	..	..	..	..	6,177,933
11. " tea	..	..	..	..	6,814,906
Total	..	..	..	..	£13,972,194

(c) *The Income Tax.*

The income tax reforms introduced by the Chancellor follow the lines recommended by the Royal Commission, as the tax is now

reduced to 9d. in the £1 on all the *earned portions* of incomes not exceeding £2000 per annum from all earned and unearned sources. An attempt is also to be made to restrict evasion by the following expedients :—

- (a) Return of form to be made compulsory.
- (b) Penalty for evasion to be increased, and period of recovery extended.
- (c) All employers to return names and salaries of their employés.
- (d) Profits to be calculated on each individual year, and not on a three years' average.
- (e) English method of collection to be brought up to the Scottish level.

The effect on the revenue is estimated to be as follows :—

XIII. INCOME TAX CHANGES, 1907-8.

						£
Actual receipts 1906-7	..	..	..	..	..	31,600,000
Estimated receipts 1907-8	..	..	..	..	..	32,500,000
Deduct—						
(a) Reduction on earned incomes of 3d.				1,250,000		
(b) Delay in collection due to change ..				750,000		
				<hr/>	2,000,000	
						<hr/> 30,500,000
Net loss on year's working	..	..	..	..		£1,100,000

It will be seen by comparison with the table on p. 212 that even after the changes have been made, the produce of this tax is still nearly £12,000,000 above the position it occupied prior to the declaration of the Boer War. On the other hand, it must be remembered that each penny now produces £2,600,000 as against £2,350,000 in 1899, and this would account for £2,000,000 out of the £12,000,000. There remains therefore a balance of £10,000,000 still to be cleared off before the war charges on this account disappear, and the £1,100,000 this year would reduce this to £9,000,000 roughly.

An interesting sidelight on the sources of the income tax is thrown by the fact that 3d. off earned incomes under £2000 per annum is calculated to produce a loss of only £2,000,000, whereas 1d. on the whole tax produces £2,600,000 !

(d) *The Estate Duties.*

The only other change of importance is the increase in the estate duties on estates of more than £150,000 value at a gradually increasing sliding scale. This, it is estimated, will produce £600,000 more than the present rates. It should always be remembered that the estate

duties, from the point of view of financial policy, constitute the reconversion of accumulated capital into the form of income. The individual is continually engaged in the business of saving up income and converting it into capital. When he dies, the State steps in, and taking a portion of that capital, reconverts it into income, and at the end of the year it is gone. The process is one that could only be undertaken by a rich country, and up to a certain point is probably healthful, but it is one that obviously has a limit.

(c) *The Assigned Revenues.*

An important alteration was forecasted with reference to the system whereby assigned revenues are handed over to local authorities. This is a complicated question. For the moment it may suffice to record that the present system is to be swept away root and branch from April 1, 1908, and the change will probably lead to some interesting developments.

It may be useful to summarize the final position attained by the fiscal year 1906-7, the complete figures of which are now available. (See p. 344, vol. xvi.)

XIV. BRITISH TREASURY RECEIPTS, 1906-7.

Estimated	..	..	..	..	..	..	..	£	142,755,000
Actual	..	..	..	..	..	..	..	£	144,814,000
Excess of receipts over estimate ..									£2,059,000

XV. BRITISH TREASURY EXPENDITURE, 1906-7.

Estimated	..	..	..	..	..	..	..	£	142,421,000
Add supplemental estimates	..	..	..	..	..	..	..	£	390,000
									142,801,000
Actual	..	..	..	..	..	..	..	£	139,415,000
Diminution of expenditure below estimate ..									£3,386,000

XVI. BRITISH TREASURY SURPLUS, 1906.

Actual receipts	..	..	..	..	..	..	..	£	144,814,000
Actual expenditure	..	..	..	..	..	..	..	£	139,415,000
Realized surplus ..									£5,399,000

This sum, according to law, was allocated to the redemption of the National Debt.

The estimates for 1907-8 are as follows :—

XVII. ESTIMATED BRITISH TREASURY SURPLUS, 1907-8, WITHOUT FISCAL CHANGES.

			£
Estimated receipts (changes not reckoned)	..	..	144,190,000
" expenditure " "	..	..	140,757,000
Estimated surplus before changes	..	..	£3,433,000

The fiscal changes to be made for 1907-8 are as follows :—

XVIII. BRITISH FISCAL CHANGES, 1907-8.

			Reduction.
			£
1. Income tax. Reduced to 9d. on earned incomes below £2000	..	..	1,250,000
2. " expected postponement of collection due to change	..	..	750,000
3. National Debt. Additional grant to Sinking Fund	..	..	1,500,000
4. Necessitous school districts grant	..	..	200,000
Gross reductions	..	..	3,700,000
5. Estate Duties. Increased from April 18, 1907	..	..	600,000
Total effect of changes	..	..	£3,100,000

The effect of the changes on the estimated surplus of £3,433,000 is to reduce it to £333,000, as shown by the following table :—

XIX. ESTIMATED BRITISH TREASURY SURPLUS, 1907-8, WITH FISCAL CHANGES.

			£
Estimated receipts (changes reckoned)	..	..	142,790,000
" expenditure " "	..	..	142,457,000
Estimated surplus after changes	..	..	£333,000

Turning now to the condition of the national revenue for 1907-8, the returns to June 1, 1907, are in consonance with the conservative estimate, the receipts to date being £755,000 above those for the equivalent period in 1906-7. The expenditure on the supply services is some £500,000 less. The net surplus to date over the equivalent period of 1906-7 is thus about £1,250,000.

(ii.) *American.*—The American Treasury position is becoming as rosy as the British. The small surplus of 1905-6, which displaced the deficit of 1904-5, has now itself been displaced by a superb surplus of over \$50,000,000 for the ten months. The following table shows the actual comparison :—

XX. AMERICAN TREASURY BALANCES.
(10 months, to April 30.)

				Dollars.
April 30, 1905 (deficit)	..	..	..	— 33,690,000
" 1906 (surplus)	..	..	..	+ 4,031,000
" 1907 (surplus)	..	..	..	+ 56,400,000

The improvement has resulted from a large increase in receipts (+ \$53,500,000), the disbursements being slightly higher than in 1905-6 (+ \$1,000,000). The great increase is in customs revenue, which continues to grow in a remarkable fashion.

CURRENT FOREIGN TRADE.—British Foreign Trade.—The extraordinary expansion of British foreign trade is proceeding with even greater rapidity than in 1906, though in considering the totals, regard should be had to the constant increase in the price level of commodities. The returns to March 31, 1907, are as follows :—

XXI. BRITISH IMPORTS.
(5 months, ending May 31.)

	1905.	1906.	1907.
	£	£	£
Total imports to date	229,600,351	252,677,040	290,563,392
Increase in 1907 over 1905	+ 50,968,041	—	—
" " 1906	—	+ 27,891,352	—

XXII. BRITISH EXPORTS.
(5 months, ending May 31.)

	1905.	1906.	1907.
	£	£	£
British exports	129,720,824	149,954,329	173,206,400
Foreign and colonial re-exports ..	38,655,129	37,166,853	44,451,630
Total exports	£168,375,953	£187,121,182	£217,657,430
Increase in 1907 over 1905	+ 54,281,477	—	—
" " 1906	—	+ 30,536,248	—

Chief Changes in Foreign Trade.—The chief changes in British foreign trade during 1907 to May 31 were as follows :—

XXIII. CHIEF CHANGES IN BRITISH FOREIGN TRADE (1907).
(5 months, ending May 31.)

	£
1. Imports of raw cotton	Increase 13,248,254
2. Exports of iron and steel manufactures	4,247,607
3. Imports of raw wool	4,111,624
4. Exports of cotton manufactures	4,007,761
5. " coal and coke	2,683,543
6. Imports of oil seeds, nuts, oils, fats, and gums ..	2,461,671
7. " other textile materials	2,291,182
8. Exports of New Ships	2,202,480

The above includes all changes exceeding £2,000,000 in value. The analysis of these changes in detail is as follows :—

1. *Imports of Raw Cotton* (+£13,248,254).—This unprecedented increase is the result of the replenishment of the British cotton reserve (see p. 350). The bulk of the increased supply, of course, comes from the United States, which receives over £10,000,000 extra for 3,500,000 additional cwts. of cotton. Egypt is also doing well on a smaller scale, and receives £2,500,000 for 260,000 extra cwts. Much has been talked about British cotton production, but the net purchases from the rest of the empire for the five months only just exceed £1,000,000, which is scarcely higher than the sum paid to the Republic of Brazil.

2. *Exports of Iron and Steel Manufactures* (+£4,247,607).—This department held third place among the increases of 1906, and now holds second. The increase continues to be wide-spread. Exports of pig iron have increased by 300,000 tons, which reflected in values has brought in nearly £1,400,000. The bulk of this increased export has gone to the United States, who have paid us over £1,250,000. The accelerated flow across the North Sea continues, and Germany is now our second best customer. The imports of iron ore do not show any increase, though the price paid increases by £300,000.

Most of the manufactured iron exports show substantial increases, galvanized sheets bringing in an extra £600,000, and tinned plate nearly £500,000.

3. *Imports of Raw Wool* (+£4,111,624).—Additional wool has been imported to the tune of 85 million lbs. The chief increases are from Australia (+46 million lbs.), New Zealand (+17 million lbs.), South Africa (+12 million lbs.), and Argentina (+8 million lbs.). The following table gives the relative positions of the chief sources of home supply of raw wool, the British imperial sources being given in *italics* :—

XXIV. SOURCES OF BRITISH RAW WOOL SUPPLY (1907).
(5 months, to May 31.)

Country.	Raw wool, in lbs.
1. <i>Australia</i>	197,894,998
2. <i>New Zealand</i>	131,678,684
3. <i>British South Africa</i>	52,158,390
4. The Argentine Republic	31,787,443
5. <i>British East Indies</i>	20,447,179
6. South America (West Coast)	16,612,115

There is no change in the relative order,

4. *Exports of Cotton Manufactures* (+ £4,097,761).—This increase is due almost entirely to higher prices obtained, the total quantity exported during the five months being practically as in 1906. There is, however, a good deal of change among the individual countries. The largest increased sales are to Egypt, probably a reflection of the good cotton season in 1906 (+ 32 million yards), Turkey (+ 20 million yards), Brazil (+ 15 million yards), and Bombay (13 million yards). There is again a heavy diminution in sales to China (— 35 million yards), to Bengal (— 35 million yards), and to Argentina (— 14 million yards). The diminution of sales to Japan has ceased, and the sales are practically identical with those of 1906.

5. *Exports of Coal and Coke* (+ £2,683,543).—This trade, in view of the removal of the export duty, is growing apace, and 2,000,000 additional tons have left these shores during the five months. The following table shows the order of merit of the chief consumers of British coal:—

XXV. CHIEF PURCHASERS OF BRITISH COAL.
(5 months, to May 31.)

							Amount received.
							£
1. France .. .. .	..	..	..	..	..	..	2,483,300
2. Italy .. .. .	..	..	..	..	..	..	2,081,999
3. Germany .. .. .	..	..	..	..	..	..	1,693,966
4. Egypt .. .. .	..	..	..	..	..	..	778,118
5. Spain .. .. .	..	..	..	..	..	..	732,349
6. Argentina .. .. .	..	..	..	..	..	..	692,013
7. Sweden (rises from 8th)	..	..	..	..	..	..	664,707
8. Denmark (falls from 7th)	..	..	..	..	..	..	618,523
9. Holland .. .. .	..	..	..	..	..	..	603,716

6. *Imports of Oil Seeds, Nuts, Oils, Fats, and Gums* (+ £2,461,671).—This is an item in which no important increase has previously been recorded. The special feature is a large increase in flax and linseed from Argentina (+ £850,000). £500,000 more has been spent in cotton oil seed, chiefly from Egypt, and another £500,000 in tallow, chiefly from the United States and New Zealand.

7. *Imports of "other Textile" Materials* (+ £2,291,192).—This is mainly due to the rise in the price of jute, 45,000 additional tons have been imported against an additional cost of £2,200,000!

8. *Export of New Ships* (+ £2,202,480).—Six additional warships and fifty-five additional steam-ships, have been sold at an increased value of over £2,000,000.

Shipping Clearances.—Concurrently with the growth of foreign

trade, the cargoes entered and cleared are increasing. The net increase in cargoes cleared to May 31, 1907, is 1,004,668 tons, while cargoes entered show an increase of 23,811 tons.

THE DIRECTION OF BRITISH TRADE.—The figures to March 31, 1907, maintain the view given by the figures of 1906, that we are increasing our purchases rather more in proportion from other sections of the empire, and selling rather more to foreign countries. The steady increase of the purchases from other sections of the empire is indeed noteworthy.

XXVI. UNITED KINGDOM. IMPORTS FROM OTHER SECTIONS OF THE EMPIRE.
(3 months, to March 31.)

									£
1903	..	..	..	..	..	..	..	..	23,928,809
1904	..	..	..	..	..	..	..	..	28,213,353
1905	..	..	..	..	..	..	..	..	33,738,563
1906	..	..	..	..	..	..	..	..	34,953,475
1907	..	..	..	..	..	..	..	..	41,368,247

The sales to foreign countries are shown in the following table :—

XXVII. UNITED KINGDOM. EXPORTS TO FOREIGN COUNTRIES.
(3 months, to March 31.)

									£
1903	..	..	..	..	..	..	..	..	44,000,181
1904	..	..	..	..	..	..	..	..	44,908,809
1905	..	..	..	..	..	..	..	..	50,501,093
1906	..	..	..	..	..	..	..	..	61,274,919
1907	..	..	..	..	..	..	..	..	69,675,350

It is rather noteworthy that the three months' import trade from Europe shows but little elasticity. There is not a single European country from which the United Kingdom has found it profitable to purchase a considerable increase of commodities. On the other hand, the increases from extra-European countries have been very remarkable.

**XXVIII. INCREASES IN 1907 IN IMPORTS INTO UNITED KINGDOM
FROM EXTRA-EUROPEAN COUNTRIES.**
(3 months, to March 31, 1907.)

									£
1. United States of America	..	..	..	..	..	..	..	..	+ 4,042,840
2. New Zealand	..	..	..	..	..	..	..	..	+ 2,286,773
3. India	..	..	..	..	..	..	..	..	+ 2,167,721
4. Egypt	..	..	..	..	..	..	..	..	+ 1,748,511
5. Australia	..	..	..	..	..	..	..	..	+ 1,597,681
6. Argentina	..	..	..	..	..	..	..	..	+ 1,567,560

Perhaps the most singular feature of the export trade is the rapidly

increasing sales in the most closely protected markets of Germany and the United States.

XXIX. UNITED KINGDOM. EXPORT SALES TO GERMANY.
(3 months, to March 31.)

									£
1903	..	..	..	..	..	..	..	..	5,230,504
1904	..	..	..	..	..	..	..	..	5,565,401
1905	..	..	..	..	..	..	..	..	6,317,397
1906	..	..	..	..	..	..	..	..	7,630,354
1907	..	..	..	..	..	..	..	..	8,525,577

XXX. UNITED KINGDOM. EXPORT SALES TO U.S.A.
(3 months, to March 31.)

									£
1903	..	..	..	..	..	..	..	..	6,801,365
1904	..	..	..	..	..	..	..	..	5,387,573
1905	..	..	..	..	..	..	..	..	5,872,402
1906	..	..	..	..	..	..	..	..	6,881,518
1907	..	..	..	..	..	..	..	..	8,682,160

The exports to South Africa, unfortunately, are less than at any time during the past five years.

Dealing now with the countries in detail :—

IMPORTING COUNTRIES IN ORDER OF MERIT (3 months, to March 31, 1907) :—

(a) **IMPORTING COUNTRIES OF THE FIRST CLASS (OVER £100,000,000 PER ANNUM).**

1. *United States of America.*—Another great leap upwards. Three months' imports from the United States now exceed in value the whole year's imports from any other country except France.

(b) **IMPORTING COUNTRIES OF THE SECOND CLASS (OVER £50,000,000 AND UNDER £100,000,000 PER ANNUM).**

2. *France.*—The signs of slackening in the trade continue, and 1907 records no increase over 1906.

(c) **IMPORTING COUNTRIES OF THE THIRD CLASS (OVER £25,000,000 AND UNDER £50,000,000 PER ANNUM).**

3. *Germany.*—1907 no improvement over 1906.

4. *India.*—An increase of £2,167,773, bringing the total trade for the quarter up to the record figure of £11,273,663.

5. *Netherlands.*—1907 slightly lower than 1906.

6. *Canada.*—This colony is not showing quite the expected elasticity. the 1907 figures showing a decrease of over £1,000,000 below those of 1906. The first quarter of the year, however, is by no means a true index of Canadian trade.

7. *Russia*.—1907 slightly better than 1906, but much lower than the three previous years.

8. *Australia*.—An increase of £1,597,681, bringing the total trade for the quarter to the record figure of £11,379,506.

9. *Belgium*.—1907 slightly lower than 1906. The import trade from Belgium shows little elasticity.

EXPORTING COUNTRIES IN ORDER OF MERIT.—(a, b) There are no countries of the first and second classes to which the United Kingdom exports goods.

(c) EXPORTING COUNTRIES OF THE THIRD CLASS (OVER £25,000,000 AND UNDER £50,000,000).

1. *India*.—1907 shows an increase of nearly £1,000,000 for the quarter. This is the usual steady rate of increase that has been proceeding for many years.

2. *Germany*.—1907 shows an increase of nearly £1,000,000.

3. *U.S.A.*.—1907 shows an increase of nearly £2,000,000.

COMPARATIVE FOREIGN TRADE OF UNITED KINGDOM WITH THAT OF THE OTHER CHIEF COMMERCIAL NATIONS.

(i.) *America*.—In the export trade the neck-and-neck race between the United States and the United Kingdom continues, the United States being slightly ahead on March 31, 1907.

XXXI. COMPARATIVE EXPORTS—UNITED STATES AND UNITED KINGDOM.
(3 months, to March 31.)

				United Kingdom. £				United States. £
1905	..	..	..	78,330,000	..	..	..	75,126,000
1906	..	..	..	91,197,000	..	..	..	94,067,000
1907	..	..	..	101,867,000	..	..	..	105,322,000

In imports there is, of course, scarcely any comparison yet, but 1907 shows that the United States have made a better showing than in 1906.

XXXII. COMPARATIVE IMPORTS—UNITED STATES AND UNITED KINGDOM.
(3 months, to March 31.)

				United Kingdom. £				United States. £
1905	..	..	..	118,986,000	..	..	..	64,971,000
1906	..	..	..	131,524,000	..	..	..	67,573,000
1907	..	..	..	144,863,000	..	..	..	79,775,000

(ii.) *Germany*.—The German figures, which were not available in

1906, are now published for 1907, and reveal a substantial expansion of trade, though in neither imports nor exports at quite the same rate that has obtained in the United Kingdom.

XXXIII. COMPARATIVE EXPORTS—GERMANY AND UNITED KINGDOM.
(3 months, to March 31.)

				United Kingdom.				Germany.
				£				£
1905	..	..	..	78,330,000	..	..	..	63,974,000
1906	..	..	..	91,197,000	..	..	..	Not available.
1907	..	..	..	101,867,000	..	..	..	81,388,000

XXXIV. COMPARATIVE IMPORTS—GERMANY AND UNITED KINGDOM.
(3 months, to March 31.)

				United Kingdom.				Germany.
				£				£
1905	..	..	..	118,986,000	..	..	..	80,321,000
1906	..	..	..	131,524,000	..	..	..	Not available.
1907	..	..	..	144,863,000	..	..	..	102,895,000

WHEAT—(i.) *General Position.*—The world-exports of wheat for the first thirty-nine weeks of the cereal year 1906–7, to March 23, 1907, confirms the view that 1905–6 was an exceptional year, the level of 1906–7 being approximately the same as in 1903–4, and rather above those of 1904–5. The Russian wheat famine is marked by a diminution of 47 million bushels, but the vacuum has been filled by an increased export from the United States and Canada, but the unsold stock in America on March 23 was still above the normal level, as will be seen from the following table :—

XXXV. STOCK OF WHEAT IN U.S.A. AND CANADA.

								Winchester bushels.
1904, March 26	..	..	..	..	..	..	..	47,035,000
1905, " 25	..	..	..	..	..	..	..	45,834,000
1906, " 24	..	..	..	..	..	..	..	68,743,000
1907, " 23	..	..	..	..	..	..	..	80,641,000

Since March 23, however, rumours have spread of unfavourable harvest conditions, notably in Germany and the States, and there was a rapid advance in prices during May. The British price rose from 26s. 8d. on April 20, 1907, to 32s. 0d. on June 8, making a total increase of 5s. 4d. This rise has given occasion for a good deal of talk, but, as a matter of fact, the British price rose during 1906 to 31s. 8d., and during 1905 to 32s. 3d. The rapidity of the change, however, is not really abnormal.

XXXVI. RAPID CHANGES IN BRITISH WHEAT PRICES.

Year.	Months.	Period.	Rise or fall.	Amount.
1902	April and May	5 weeks	Rise.	s. d. + 4 1
1902	Sept. and Oct.	8 "	Fall.	- 6 9
1903	Sept. and Oct.	6 "	"	- 4 7
1905	August	4 "	"	- 5 2
1906	Aug. and Sept.	7 "	"	- 5 0
1907	April and May	7 "	Rise.	+ 5 4

(ii.) *Sources of British Supply.*—The present chief sources of the British wheat supply are shown by the following table :—

XXXVII. SOURCES OF BRITISH WHEAT AND WHEAT FLOUR SUPPLY (1907).
(5 months, to May 31, 1907.)

	Wheat.	Wheat flour.	Total.
	cwts.	cwts.	cwts.
1. United States of America ..	8,290,500	3,811,154	12,101,654
2. Argentina	11,898,900	21,800	11,911,700
3. India	4,796,500	—	4,796,500
4. Russia	4,340,100	—	4,340,100
5. Canada	2,043,400	583,000	2,626,400
6. Australia	2,620,000	3,900	2,623,900

Compared with the equivalent figures for 1906, the only change in the relative position is that India has mounted from the sixth place to the third, putting Russia, Australia, and Canada down one place each. Argentina has drawn far away from the next on the list, and is threatening the United States for the premier position.

(iii.) *British Consumption.*—The figures of the British home consumption for the first thirty-nine weeks of the British harvest year 1906–7 still show a diminished consumption, but there has been a levelling up since the figures published on p. 225, and the difference is now not very noteworthy. The fluctuation is probably of a minor character.

XXXVIII. BRITISH (HOME) CONSUMPTION OF WHEAT FOR 39 WEEKS,
ENDING MAY 25.

	cwts.
1902-3	99,884,100
1903-4	106,801,700
1904-5	102,636,700
1905-6	105,398,400
1906-7	103,288,600

The table registering the relative consumption of home-grown and

foreign wheat shows that the home-grown is below the level of 1905-6, but considerably above the years preceding 1905.

XXXIX. BRITISH (HOME) CONSUMPTION OF HOME-GROWN AND FOREIGN WHEAT.

	1903-4.	1904-5.	1905-6.	1906-7.
	cwt.	cwt.	cwt.	cwt.
Foreign imports ..	85,545,000	85,176,400	73,866,700	74,385,000
Home-grown sales ..	21,056,100	17,480,300	31,531,700	28,903,600
Total home supplies	106,601,700	102,656,700	105,398,400	103,288,600

COTTON.—(i.) The General Situation.—The general situation of cotton is now very interesting. We have been witnessing during the past seven months an unprecedented replenishment of the British reserves of raw cotton, and the stock in England is now (May 31) at an unprecedented level for this time of the year. The necessity of making this great preparation for eventualities is proved by the recent rise in the price of raw cotton. The comparative tranquillity which lasted from August, 1905, to February, 1907, has now given place to a rapid rise, and the price on June 6 was 7·52*d.* per lb. To get to this level, it is necessary to go back to May 10, 1904, when prices were recovering from their wild orgie of the early months of that year, when Lancashire was in great distress. The present strong reserve, however, enables these high prices to be regarded almost with indifference. Indeed, the recent prosperity has been so great that on June 6, 1907, the employers agreed to give the men 5 per cent. advance in wages. Under the terms of the Brooklands' agreement, this will hold good until June 6, 1908. The reserve will enable British buyers to be very sparing in their purchases, at all events until well on into October, particularly as there are signs of slackening in the demand for manufactured goods, owing to the higher prices that British cotton spinners are asking.

(ii.) The British Position.—The following table shows that the British mills have continued to be in full operation, the number of bales consumed to May 31 being at the record level at this date of 1,909,011.

XL. BRITISH CONSUMPTION OF BALES OF RAW COTTON.

January 1 to May 31.	Bales consumed.	Change on previous year.
		Bales.
1904 (high prices) ..	1,220,213	—
1905	1,695,455	+ 465,242
1906	1,837,755	+ 142,300
1907	1,909,011	+ 71,256

The corresponding table of imports during the same period bears eloquent testimony of the strengthening of the reserve.

XLI. BRITISH IMPORTS OF BALES OF RAW COTTON.

January 1 to May 31.	Bales imported.	Change on previous year.
		Bales.
1904 (high prices) ..	1,480,561	—
1905	1,932,474	+ 451,913
1906	1,893,436	— 39,038
1907	2,706,825	+ 813,189

The table showing the state of the reserve at this period of the four years, makes clear the present exceptionally strong position.

XLII. BRITISH RESERVE STOCK OF RAW COTTON.

May 31.	Reserve stock.	Change on previous year.
	Bales.	Bales.
1904 (high prices) ..	579,540	—
1905	830,920	+ 251,380
1906	900,720	+ 69,800
1907	1,221,870	+ 320,950

(iii.) *The American Position.*—The American figures are now published to March 31, and illustrate the effect of the British replenishments upon American exports. The Germans have also been replenishing at an equally rapid rate up to March 31.

XLIII. CASH RECEIVED BY UNITED STATES FOR RAW COTTON. (9 months, to March 31.)

	1906-6.	1906-7.	Change in 1906-7.
	Dollars.	Dollars.	Dollars.
United Kingdom ..	189,254,723	155,826,411	183,466,696
Germany	75,172,466	79,525,180	106,658,408
France	30,826,833	33,538,348	47,266,473
Italy	18,107,738	20,575,380	26,150,123

Taking the total sales of the United States, the following table

shows the increased rapidity with which the raw material is being sold :—

XLIV. CASH RECEIVED BY THE UNITED STATES IN RESPECT OF EXPORTS OF RAW COTTON.
(9 months, to March 31.)

				Number of bales sold.	Cash received.
					Dollars.
1903-4	..	..	..	5,400,000	329,304,000
1904-5	..	..	..	6,575,672	305,601,222
1905-6	..	..	..	5,877,818	284,468,110
1906-7	..	..	..	7,547,838	413,994,304

(iv.) *British Sales of Manufactured Goods.*—The export sales of cotton goods manufactured in Britain in 1907, to May 31, continues to be of unprecedented magnitude.

XLV. EXPORT SALES OF COTTON FABRICS MANUFACTURED IN GREAT BRITAIN
(5 months, to May 31.)

								£
1905	..	..	..	..	..	..	..	37,135,715
1906	..	..	..	..	..	..	..	41,348,617
1907	..	..	..	..	..	..	..	45,446,378

The following are the chief destinations of the piece goods exported from Great Britain :—

XLVI. CHIEF DESTINATION OF COTTON FABRICS MANUFACTURED IN GREAT BRITAIN, 1907.
(5 months, to May 31.)

								£
1. Bengal	..	..	..	..	..	..	..	4,966,513
2. China (including Hong Kong)	..	..	..	..	..	..	..	4,390,486
3. Bombay	..	..	..	..	..	..	..	3,903,941
4. Turkey	..	..	..	..	..	..	..	2,254,491
5. Egypt (rises from 6th)	..	..	..	..	..	..	..	1,504,317
6. United States of America (rises from 8th)	..	..	..	..	..	..	..	1,129,894
7. Dutch East Indies	..	..	..	..	..	..	..	1,030,119
8. Argentina (falls from 5th)	..	..	..	..	..	..	..	1,015,664
9. Australia (passes £1,000,000)	..	..	..	..	..	..	..	1,004,106

The above includes all purchasers of over £1,000,000 in the five months. It will be noted that Australia now enters the list for the first time.

SUGAR.—Sugar prices remain steady. Cane sugar on June 1,

1907, was 8s. 3d. per cwt., and beet 8s. 9d. The British Foreign Secretary on June 6, 1907, stated that the British Government has notified the contracting States of the Brussels Sugar Convention that it will be impossible for it to continue to give effect to the provisions of the Convention, requiring it to penalize sugars declared by the Permanent Committee to be bounty-fed, and that if the contracting States considered that the British views could only be met by complete withdrawal, the Government would be prepared to give notice on the first possible date. The present Convention was signed on March 5, 1902, and bounty-fed sugar was prohibited entry into the United Kingdom after September 1, 1903. It remains in force until September, 1908. One object of the Convention was to benefit the West Indies, but it is difficult yet to form an opinion as to its real effect upon their resources, partly, of course, because the great beet-producing countries have abolished their bounties, and the prohibition only extends, in fact, to Russian, Danish, and Argentine sugar. The following table illustrates the present position of the sugar industry of the West Indies and British Guiana. The table should be studied with special attention.

XLVII. SUGAR BOUNTIES. EXPORTS FROM WEST INDIES AND BRITISH GUIANA.

Year.	United Kingdom.	U.S.A.	Canada.	Other destinations.	Total exports.
	cwts.	cwts.	cwts.	cwts.	cwts.
1900	855,000	3,301,000	116,000	43,000	4,315,000
1901	845,000	3,860,000	332,000	32,000	5,069,000
1902	1,041,000	3,610,000	687,000	63,000	5,401,000
1903	842,000	2,113,000	1,886,000	36,000	4,877,000
1904	1,162,000	1,728,000	2,076,000	61,000	5,027,000
1905	1,225,000	1,123,000	2,246,000	48,000	4,642,000

It will be seen that while the export trade to the United Kingdom has been rather erratic, that to the United States has shown an extraordinary diminution, and that to Canada an extraordinary increase. The causes of these changes are manifold. The exports to the United Kingdom have probably been hampered by the British sugar duties, varying from 4s. 2d. per cwt. to 2s. 0d. per cwt., which were imposed on April 19, 1901. The growth in the Canadian trade is due largely to the surtax of 33½ per cent. imposed by Canada on German sugar on April 17, 1903. There has been no change in the American sugar duties during this period, but a great impetus has been given by the United States to the cultivation of sugar in Porto

Rico by the admission on July 25, 1901, of this island to free trade with the United States. What this has meant in the Porto Rican sugar trade can be seen from the following table:—

XLVIII. EXPORTS OF SUGAR FROM PORTO RICO TO U.S.A.

									Dollars.
1901	..	..	..	..	..	..	..	..	5,831,274
1902	..	..	..	..	..	..	..	..	6,754,261
1903	..	..	..	..	..	..	..	..	7,134,199
1904	..	..	..	..	..	..	..	..	9,823,636
1905	..	..	..	..	..	..	..	..	13,443,233
1906	..	..	..	..	..	..	..	..	14,942,006

These two tables show that the West Indian sugar trade with the States is being bodily transferred from the British West Indies to Porto Rico by the operation of the Dingley Tariff, which shuts out West Indian sugar by prohibitive duties varying from 4s. 5½d. per cwt. upwards, while admitting Porto Rican sugar free, and Cuban sugar (since December 27, 1903) at 20 per cent. reduction below the general rates. If the Canadians remove the German surtax, as is quite possible, the West Indies are likely to suffer considerably unless the British sugar duties can be abolished at an early date. To allow British West Indian sugar to have a fair chance with Porto Rican would really mean that it should enjoy the same free access to a protected British market as Porto Rican enjoys in the protected American market; but this is scarcely a practicable policy, apart from its general economic unsoundness. The peculiarly defenceless position, however, that the West Indies occupy in the British Empire renders it doubly necessary for the Home Government to be on the alert to protect their economic interests. The abolition of the British sugar and cocoa duties would conduce to this end, by stimulating the consumption of these commodities in the British Isles, and it is hoped that the present position will powerfully weigh with the British Chancellor at the next budget substantially to reduce these duties, if not entirely to abolish them, even at the risk of delaying for a time the provision of old age pensions.

PRICES GENERALLY—(i.) British.—The March prices showed a slight set-back, but in April a fresh advance was recorded, bringing the figures above those for November, 1906, which was the previous high record in the present advance. In May there was an especially rapid jump.

XLIX. BRITISH INDEX NUMBERS OF PRICES OF COMMODITIES.

Year.	"Economist."	Sauerbeck.
End of March, 1907	2516	80.0
" April, 1907	2549	80.7
" May, 1907	2601	82.4
May, 1906	2372	77.0
" 1905	2144	71.7
" 1904	2172	69.9
January, 1897	1950	62.0
" 1877	2723	94.0 (average)

(ii.) *American*.—The American prices continue to climb in the same way as the British. The comparative tables are as follows :—

L. AMERICAN INDEX NUMBERS OF PRICES OF COMMODITIES.

1907.	"Bradstreet."	"Dun."
April 1	8.8740	107.895
May 1	8.8556	108.955
June 1	8.9101	
1906—June 1	8.2987	106.794
1905— "	7.9073	98.759
1904— "	7.7877	100.951
1897—July 1	5.8537	72.455

A report has just been published by the Washington Department of Commerce and Labour, bringing the Federal analyses of American price-movements up to December, 1906. The report testifies to a further advance of prices all along the line. The salient facts are as follows :—

1. Wholesale prices, considering all commodities, reached a higher point in 1906 than at any time during the seventeen years covered by the investigation.

2. 1906 prices averaged 5.6 per cent. above 1905 prices, and 22.4 per cent. above the average of the decade 1890–9.

3. Prices reached their highest point in December, 1906, when they were 4.1 per cent. higher than the average for the year 1906, and 6.3 per cent. higher than the average for December, 1905.

4. The groups of commodities showing the largest rises compared with the average of 1890–9 are as follows :—

								Percentage of rise.
(a) Timber and building materials	..	..	..	..	..	..	..	40.1
(b) Metals and implements	..	..	..	..	..	..	..	35.2
(c) Fuel and lighting	..	..	..	..	..	..	..	29.5
(d) Farm products	..	..	..	..	..	..	..	23.6

5. The group of food products shows a percentage of rise of 12.6 per cent. This is much less than the rise of 22.4 per cent. averaged over all commodities, but food is now more costly than at any time since 1890.

6. The prices of manufactured commodities only, as set forth at monthly intervals for the five years 1902-6, show a slow but steady rise above the average for 1890-9, from 10.6 per cent. in 1902 to 21.6 per cent. in 1906. In December, 1906, manufactured commodities reached 25.6 per cent. above the average.

7. The report, as a whole, confirms the view that in the United States not only are prices very high, but they are steadily rising in all directions, and that in 1906 the rises were greater than in previous years, resulting in the highest records since these comparisons were first adopted by the Federal Government, seventeen years ago.

In connection with these high index numbers of prices of commodities, it is necessary to note the abnormally high rate of discount at the Bank of England. It has been lowered 1 per cent. since the publication of the table on p. 229; but, compared with recent years, it is still relatively high.

LI. RATE OF DISCOUNT AT THE BANK OF ENGLAND. (Average for the month of May.)

									Per cent.
1907	..	..	..	..	..	..	..	..	4
1906	..	..	..	..	..	..	..	..	4
1905	..	..	..	..	..	..	..	..	2½
1904	..	..	..	..	..	..	..	..	3
1897	..	..	..	..	..	..	..	..	3½

The price of silver also remains high in its relationship to gold.

LII. PRICE, PER OZ., OF STANDARD SILVER.

									£
1907.	April 3	..	..	..	..	..	..	..	30½
"	May 1	..	..	..	..	..	..	..	30½
"	June 5	..	..	..	..	..	..	..	30½
1906.	June 6	..	..	..	..	..	..	..	29½
1905.	June 7	..	..	..	..	..	..	..	27
1904.	June 8	..	..	..	..	..	..	..	25½

MISCELLANEOUS.—(i.) *British Labour Returns.*—(a) *Changes in Wages.*—The extent to which British workpeople are benefiting from the improving trade position is strikingly shown in the following Board of Trade returns summarizing the financial effect of changes that are made from time to time in the weekly wages of the British standard trades.

LIII. NET CHANGES IN WEEKLY WAGES OF BRITISH WORKPEOPLE.
(5 months, to May 31.)

1904.	Total decrease of	£12,880	per week.
1905.	" "	£9,628	"
1906.	" increase of	£24,173	"
1907.	" "	£100,001	"

Over £88,000 of the £100,000 increase this year is going to the coal-miners.

(b) *Labour Disputes.*—The following table shows the number of working days lost through unsettled labour disputes. It will be seen that the tendency is to increase, though the loss this year is less than in 1906.

LIV. BRITISH LABOUR DISPUTES. WORKING DAYS LOST.

				1906.	1907.
March	..	..	..	181,900	105,400
April	..	..	..	123,500	148,500
May	..	..	..	330,500	187,800

(c) *Unemployed Returns.*—The trade union percentage of unemployed at the end of May, 1907, was 3·4 per cent.

LV. PERCENTAGE OF BRITISH UNEMPLOYED (T.U.) DURING MONTH OF MAY.

				Per cent.					Per cent.
1894	..	..	..	6·3	1901	..	..	..	3·6
1895	..	..	..	6·0	1902	..	..	..	4·0
1896	..	..	..	3·3	1903	..	..	..	4·0
1897 (low point)	..	..	..	2·3	1904	..	..	..	6·3
1898	..	..	..	2·7	1905	..	..	..	5·1
1899	..	..	..	2·5	1906	..	..	..	3·6
1900	..	..	..	2·4	1907	..	..	..	3·4

The present percentage is low, though not as low as from 1897–1900.

(ii.) *British Pauperism.*—The total number of paupers relieved continues to fall steadily, as will be seen from the following table:—

LVI. NUMBER OF BRITISH PAUPERS RELIEVED ON ONE SELECTED DAY.
(35 selected urban districts.)

				1906.	1906.	1907.	Comparison with previous year.
March	..	..		416,732	408,043	396,141	- 11,902
April	..	..		394,769	388,378	381,506	- 6,872
May	..	..		388,327	381,706	376,064	- 5,642

This continued steady decrease in pauperism is very gratifying.

(iii.) *Work at the London Docks.*—The average number of labourers employed at the London Docks per day has been as follows :—

LVII. AVERAGE NUMBER OF LABOURERS, PER DAY, AT LONDON DOCKS.

				1906.	1907.	Comparison with 1906.
March	..	..		12,795	13,110	Per cent. + 2·5
April	..	..		12,746	12,971	+ 1·8
May	..	..		12,898	13,508	+ 4·7

(iv.) *Seamen shipped.*—The number of seamen ¹ shipped during the five months ending May 31, 1907, was 197,127. This compares with 185,513 in 1906, or an increase of 11,614.

(v.) *Price of Bread.*—The following table, based on returns from British Co-operative Societies, gives a fair idea of the average quarterly fluctuations of the price of a 4-lb. loaf in Great Britain. It will be seen that present prices are by no means abnormally high.

LVIII. VARIATIONS IN PRICE OF BREAD IN GREAT BRITAIN.

				1904.	1905.	1906.	1907.
March 1	..	..		d. 5·30	d. 5·53	d. 5·35	d. 5·14
June 1	..	..		5·31	5·43	5·34	5·30
September 1	..	..		5·38	5·43	5·23	
December 1	..	..		5·55	5·39	5·17	

(vi.) *British Railway Goods and Mineral Traffic Receipts.*—The returns of this excellent index of British home-trade activity show receipts during the first twenty-two weeks of 1907, i.e. to June 1, 1907, of £23,512,863, or £487,165 above the corresponding period of 1906.

¹ I.e. separate engagements, not separate individuals.

(vii.) *British Bankers' Clearings.*—The aggregate amount of bills and cheques cleared in the British bankers' clearing houses is as stated in the table. It is gratifying to see that the stand the bankers have been making against too exuberant speculation has borne some fruit, and both in the United States and the United Kingdom the bank clearings to date show diminished rates of increase compared with previous years.

LIX. BRITISH BANKERS' CLEARING RETURNS, 1907.

	Town clearing.	Country clearing.	Total.
	£	£	£
1906 (to June 5)	5,165,691,000	428,296,000	5,593,927,000
1907 ..	5,217,384,000	455,000,000	5,672,384,000
Increase in 1907 .. {	51,643,000 = 0·99 per cent.	26,764,000 = 6·25 per cent.	78,407,000 = 1·40 per cent.

(viii.) *The Price of Consols* is as follows :—

LX. COMPARATIVE PRICE OF CONSOLS.

1903 June 10 (reduced from 2½ per cent. to 2¼ per cent. on April 6, 1903)	91½
1904 .. 8	90½
1905 .. 7	90½
1906 .. 6	89½
1907 .. 5	83½

The continued fall in consols is only one of the many manifestations of the situation caused by the rising prices of commodities throughout the world. So much has been said about the need for restoring the credit of the British Government by large redemptions of debt, that it seems as well to restate the probably true view that the price of consols is regulated "according to the general conditions of credit and not by the increase or decrease of the National Debt by a few millions annually." ¹

THE TARIFF POSITION.—(i.) *The German-American Situation.*—The Reichstag on May 14, 1907, passed the third reading of the provisional commercial agreement between Germany and the United States. The effect of this is to prolong in a modified form the *modus vivendi* between the two nations, which would otherwise have expired on June 30, 1907. The new agreement remains in force until June 30, 1908, and will thenceforward be subject to six months' notice on either side.

¹ *Consols in a Great War*, Sir R. Giffen. 1899.

Substantially, the United States maintains its full tariff against Germany (subject to some quite minor concessions in the case of wines), but Germany practically concedes to the States the conventional tariff. The United States, however, modify their Customs regulations, so that the German exporter may reckon the "export price" as the "market price" whenever the goods are sold wholly for export, or sold in the home market only in such limited quantities as to establish "no market value based upon the sale of such goods, wares, and merchandise in usual wholesale quantities packed ready for shipment to the United States." Certificates of value issued by German chambers of commerce are also to be accepted as competent evidence of value.

The American home manufacturer is said not to be particularly pleased at the agreement, nor are the American merchants who buy goods in Germany for subsequent importation into the States. They contend that it will lead to systematic undervaluation by German exporters, and as such undervaluation will not be easy to detect, they argue that they may be subjected to unfair competition in the American market. This is a question obviously of American domestic concern. It will only have an international aspect if it really appears that German manufacturers are obtaining advantages in the American market not equally open to the manufacturers of other countries. A rough test, whereby this can be ascertained, is to note from time to time the comparative progress competing nations are making in the American market.

LXI. COMPARATIVE IMPORTS INTO UNITED STATES OF AMERICA.
(8 months, ending February.)

	1905-6.	1906-7.	Increase.
	Dollars.	Dollars.	Dollars.
1. United Kingdom ..	135,538,407	163,196,426	+ 27,658,019
2. Germany	91,220,261	109,512,008	+ 18,291,747
3. Japan	36,576,078	51,396,988	+ 15,820,910
4. France	73,421,199	87,379,239	+ 13,958,040
5. British India ..	39,899,889	51,631,172	+ 11,731,283
6. Brazil	58,493,781	67,546,662	+ 9,052,881
7. Italy	24,872,835	31,014,854	+ 6,142,019

(ii.) *The British Imperial Position.*—An important return was published by the Board of Trade in April, 1907. It shows that while the colonies have practically free access to the United Kingdom, nearly 75 per cent. of the goods that the United Kingdom sends to the colonies are taxed. It would be difficult to summarize more

succinctly the economic arguments against Colonial preference, though the return is somewhat incomplete owing to the omission of the sugar-producing colonies.

LXII. VALUE OF ALL ARTICLES IMPORTED INTO THE UNITED KINGDOM WHICH WERE CONSIGNED FROM CANADA, AUSTRALIA, NEW ZEALAND, AND BRITISH SOUTH AFRICA, RESPECTIVELY, (i.) FREE OF DUTY; (ii.) SUBJECT TO DUTY.

Colony whence consigned.	Imports (consignments) of merchandise into the United Kingdom in 1906.		
	Free of duty.	Subject to duty.	Total.
	£	£	£
From Canada	28,019,668	15,368	28,035,036
" Australia	29,178,609	106,537	29,285,146
" New Zealand	15,618,850	163	15,619,013
" British South Africa ¹	6,327,476	16,894	6,344,370

LXIII. VALUE OF ALL ARTICLES IMPORTED INTO CANADA, AUSTRALIA, NEW ZEALAND, AND BRITISH SOUTH AFRICA, RESPECTIVELY, FROM THE UNITED KINGDOM, (i.) FREE OF DUTY; (ii.) SUBJECT TO DUTY.

Colonies.	Imports of Merchandise from the United Kingdom.		
	Free of duty.	Subject to duty.	Total.
	£	£	£
Canada (year ended June 30, 1906) ²	3,406,000	10,815,000	14,221,000
Australia (1906) ³	5,738,000	14,513,000	20,251,000
New Zealand	2,484,000 ⁴	5,300,000	7,784,000
British South Africa (1904) ⁴	6,506,000 ⁴	14,335,000	20,841,000

GENERAL ECONOMIC POSITION.—(i.) *British*.—The British position

¹ Including Rhodesia, Orange River Colony, and the Transvaal. The figures given are exclusive of the value of diamonds from the Cape of Good Hope, which amounted to £9,179,333, according to figures supplied by the Cape Government.

² The figures represent imports for consumption.

³ The figures represent imports of goods the produce or manufacture of the United Kingdom.

⁴ Approximate figures, compiled from the returns of the various South African colonies. Later detailed figures are not yet available, but the *total* value of merchandise imported from the United Kingdom into British South Africa amounted to £16,938,000 (exclusive of Colonial Government stores) in 1906, this being the first year for which returns were compiled by the South African Statistical Bureau for "British South Africa as a whole."

⁵ Inclusive of the value of certain goods which are free of duty when the produce of the United Kingdom, but subject to duty when the produce of other countries.

is still quite prosperous, the trend of all the returns almost without exception being in the direction of increasing employment and decreasing poverty. The strain on the bank reserves is for the moment relieved by the passing of the Aldrich Act, and the consequent diversion of hoarded gold from the American Treasury into the money market. Securities, however, continue to shrink in value, and the *Bankers' Magazine* estimates the depreciation in the value of 387 representative securities during May at £37,000,000, bringing the total depreciations since the beginning of the year up to £185,000,000.

The level of the British national expenditure is now gradually being reduced, though taxation is for the moment being retained at an artificially high level.

(ii.) *American*.—As in the United Kingdom, the Aldrich Act has greatly relieved the monetary situation, for the time being at all events, but there is yet a vast and even increasing mass of capital stock awaiting a favourable opportunity for issue. The Federal Treasury is passing from poverty to almost embarrassing affluence. The great growth of the price-level of commodities is making the cost of living very high, and this may tell on the foreign trade. The German Tariff question has been shelved for the time being, but not altogether in a satisfactory way.

(iii.) *Colonial*.—Prosperity continues to visit Canada, Australia, and India ; while depression reigns in South Africa as heretofore.

OWEN FLEMING.

ERRATUM.

The following table to be substituted for that on p. 218.

XIV. BRITISH FOREIGN TRADE.

Net gain or loss caused by changes of prices only.

Year.								£
1896	..	..	..	..	..	..	Loss of	3,953,000
1897	..	..	..	..	..	..	"	2,219,000
1898	..	..	..	..	..	..	"	1,481,000
1899	..	..	..	..	..	..	Gain of	8,489,000
1900	..	..	..	..	..	..	"	1,964,000
1901	..	..	..	..	..	..	"	2,208,000
1902	..	..	..	..	..	..	Loss of	12,748,000
1903	..	..	..	..	..	..	Gain of	1,684,000
1904	..	..	..	..	..	..	"	956,000
1905	..	..	..	..	..	..	Loss of	2,494,000
1906	..	..	..	..	..	..	"	1,539,000

From these figures it would appear that, taken as a whole, the United Kingdom was worse off by reason of the change of prices in 1906 to the extent of about £1,500,000.

LEGISLATION, PARLIAMENTARY INQUIRIES, AND OFFICIAL RETURNS.

UNUSUAL interest attaches to the *Reports by His Majesty's Agent and Consul-General on the Finances, Administration and Condition of Egypt and the Soudan* in 1906 (Cd. 3394, 160 pp., 1s. 4d.). Its publication was followed by the announcement of Lord Cromer's resignation of the work to which he has devoted distinguished abilities and in which he has achieved striking success. The proof of his success, as he himself would probably admit, is the growth of Egyptian Nationalism, which on its best side is the natural outcome of the high standard of administrative efficiency with which English administration has familiarized the younger generation of Egyptians. Familiarity with the machinery leads them to conclude that they could work it for themselves. "Egyptian Nationalism," says Lord Cromer, "is of exotic rather than of indigenous growth," by which he only means that it has been suggested by that contact with Western ideas and methods which enabled Nubar Pasha, reversing a well-known proverb on Spain, to say that Egypt no longer forms part of Africa. These questions of politics, however, do not concern an article dealing only with the points of economic interest suggested in the *Report*. Lord Cromer's words in laying down his authority are so important that they need quotation. "Egypt," he says (p. 116), contrasting it with the Soudan, "has entered on a phase where, unless I am much mistaken, it will year by year become more apparent to all but very superficial observers that the further adaptation and effective assimilation of Western ideas is far more a social than a political or administrative question. The really vital issues which the future has reserved for Egypt are not how exotic political institutions can be forced to take root in a soil which is uncongenial to their growth, but how the relations of the sexes can be brought into conformity with modern ideas, how the moral code on which the laws of all civilized countries are based can be made to penetrate into the daily life and manners and customs of the people, and how, without shattering all that is worthy and noble in the Moslem religion, the quasi-religious institutions of the country can be

reformed to such an extent as no longer to constitute an insuperable barrier to progress."

M. Edmond Théry recently contributed a series of articles on Egypt to the *Economiste Européen*, in which he examined at some length the result of the English occupation. His judgment was highly favourable: "La prospérité actuelle de l'Égypte est donc assise sur des bases très solides, puisqu'elle est le résultat d'un plan de réformes bien conçu et donc l'exécution méthodique a au moins doublé la valeur de la production indigène." It has not only doubled the wealth produced: theoretical economics is justified by figures which show that the selling price of 1913 acres of the Domains was exactly double the value as estimated some years ago in the Domains register. The value of urban land has increased still more. The land on which the British Agency at Cairo stands was bought seventeen years ago for one-fifth of an Egyptian pound a square metre. Adjoining plots have just been sold at £E20 a metre. In the centre of the town £E50 or more is common, and an exceptionally good site fetched £E130 a metre. The result has been an exodus to the suburbs, but there too land has risen under the influence of speculative purchasers, and the Government has been compelled to construct houses and rent them to its officials, who have felt very keenly the recent increase in prices, and may perhaps also feel the grave words in which Lord Cromer urges that Government officials should not speculate in "futures." This increase in the value of land is due to the increase in the value of the cotton crop, itself due to the enormously increased demand for raw cotton. Egypt in specializing on the growth of cotton runs the risk of suffering heavily from a falling off in demand or from the ruin of the crop by deadly parasitic enemies. The former seems remote enough at present, and the damage done by the cotton-worm has been greatly reduced by the armies of organized labour which have attacked it. Still, on the farms of the Domains, it caused a loss of $\frac{1}{4}$ of a kantar per acre, the average crop being $4\frac{1}{2}$ kantars per acre. The present production of cotton is $6\frac{1}{2}$ million kantars (1 kantar = 99.05 lbs.) from $1\frac{1}{2}$ million acres in Lower Egypt and $\frac{1}{2}$ million acres in Upper Egypt—a goodly increase on the few cotton plants found growing wild in Cairo in 1821. The possible production is estimated at 1. million kantars. The effect of this industrial progress on the distribution of land is at present not marked. The native small holder has kept his position, and as population is nowhere congested there is not yet an agrarian problem due to excessive competition rents. "Nevertheless as the population increases, and the area of cultivable but uncultivated land diminishes, there will be, to say the least, a risk that issues w-

eventually arise between landlords and tenants, somewhat similar to those which have caused so much trouble in other countries. The best way to postpone this strife, as also to mitigate its intensity, should it eventually prove to be inevitable, will be to avoid the adoption of any measures which will tend towards the disappearance of the small proprietors."

DISTRIBUTION OF LAND IN EGYPT.

Extent of holding.	1906.				1896.			
	Egyptians.		Foreigners.		Egyptians.		Foreigners.	
	Area.	Land-owners.	Area.	Land-owners.	Area.	Land-owners.	Area.	Land-owners.
	Acres.		Acres.		Acres.		Acres.	
Under 5 feddans	1,259,670	1,002,806	4,414	2,899	988,804	608,373	5,039	2,701
Above 5 up to 10	589,813	76,997	4,951	666	559,881	80,024	5,929	786
" 10 " 20	515,217	37,242	8,311	575	563,201	40,548	10,833	728
" 20 " 30	271,533	11,112	7,260	376	307,959	12,550	9,382	378
" 30 " 50	817,842	8,246	4,159	355	340,890	8,247	17,408	450
" 50 feddans	1,768,175	10,921	598,427	1,554	1,666,447	10,389	525,178	1,486
Total ..	4,666,250	1,147,324	682,522	6,425	4,427,182	760,731	573,819	6,529

The financial position of Egypt steadily improves. The accounts for 1906 show the following results :—

		£E.				£E.
Revenue ..	..	15,337,000	..	Estimate ..	..	13,500,000
Expenditure ..	..	13,162,000	..	" ..	..	13,000,000
Surplus ..	..	2,175,000	..	" ..	..	500,000

Appended to the *Report* (pp. 104–8) is a valuable memorandum by Mr. L. G. Roussin explaining the monetary system of Egypt. The Egyptian pound is little more than a money of account, none having been coined for many years. The actual gold coinage consists mostly of English sovereigns. Every year the marketing of the cotton crop causes an expansion of the coinage, met by importations of sovereigns from London, and 20-franc pieces from Paris. The latter are legally under-valued in comparison with the former, and most of them leave again. The former are largely hoarded, for the Egyptian, even if wealthy, has remained sufficiently Oriental to prefer to melt his gold coins into ornaments. For the same reason, credit instruments are little used to tide over the difficulty.

The fact that the whole of the miners in Great Britain have at length united in the demand for an eight-hours day, has led to the appointment of a departmental committee "to inquire into the probable economic effect of a limit of eight hours to the working day of coal-miners." This committee has issued two volumes of *Evidence* (Cd. 3427, 143 pp., 1s. 6d.; Cd. 3428, 238 pp., 3s.). The first of these volumes is wholly occupied by the evidence of Mr. H. Cunynghame of the Home Office, and an extensive series of tables giving very full information of the numbers employed, hours worked, and mineral output of the mines of the United Kingdom. These statistics are new; the returns on which they are based cover 84 per cent. of the underground workers, and 56 per cent. of the mines; they are therefore authoritative enough to form the basis of the inquiry. The average working day of men employed underground is nine hours from bank to bank; the average working week fifty hours; and on an average 7 per cent. of underground men are taking an idle day. Miners are a healthy class, accidents apart, but as under twenty and over fifty-five they die more rapidly than other classes, the claim for an eight-hours day on the score of health is intelligible. The claim that it will tend to decrease accidents seems reasonable, but the only figures available show that the majority of accidents occur in the earlier part of the shift. The mine-owners assert that to reduce the working hours means a reduction of the output by $21\frac{1}{2}$ million tons, and that they cannot stand such a loss. This depends, granting that the reduction will take place, on whether the demand for coal could be met from abroad. It was stated that German coal had cut out English in certain contracts by a margin of twopence per ton, but if the demand was for $21\frac{1}{2}$ million tons from abroad, this margin would soon be deleted. "I should say," said Mr. Cunynghame, in the deferential manner now becoming habitual to any one who is enunciating an economic proposition, "I should say that you alter the price by altering the supply or the demand. It must be one of those two which are altered." From figures given by a manager he finds that, in a particular mine, when the output is 2750 tons per week, the cost of production per ton was 8s. 3d.; the actual output having reached 5600 tons, the cost was 6s. 9d., and if it could be increased to 6000 tons, the cost would be 6s. Hence "the supply curve of the production of coal is of the descending order, that is to say, it does not obey the law of diminishing returns, but obeys the law of increasing returns." As regards prices at home with a reduction of output, all would depend on whether the increased price due to diminished output checked the foreign demand. The position of the mine-owners being monopolistic, they are probably not in any danger from the change. But will the

reduction of hours x per cent. reduce the output x per cent? One witness, who remembers the time when miners never saw their families, "only a bit on Saturday afternoon and a Sunday," said that when an average man was working twelve to sixteen hours a day his output was $5\frac{1}{2}$ tons per day. Now under an eight-hours day in his district the average output is $6\frac{1}{2}$ tons. If past experience in the reduction of hours is to be accepted as prophetic in this case, there is no need to worry about the output. Child labour was more, not less, productive after Peel's restrictions in 1830-32 checked what Mr. Cunynghame calls in downright fashion the killing of children by overwork. The reduction of the engineers' hours from ten to nine, and even eight, has taken place "admittedly without doing any harm to production." In many suggested ways the present output could be maintained under an eight-hours day : (i.) more shafts to each mine, giving greater winding power, since a good shaft winds 1000 tons a day ; (ii.) improved winding machinery, three- or four-deckers winding at more than a mile a minute with bigger cages ; (iii.) improved roadways from the face to the bottom of the shaft ; (iv.) coal-cutting machines, which are increasingly used, though not nearly so extensively as in America ; (v.) more shifts ; (vi.) abandonment of some or all of the holidays, for miners are habitual devotees of Saint Monday. How the observance of the Act, if passed, is to be secured, is a problem which the Home Office is prepared to solve, though its difficulty is admitted. The objections which the mine-owners make to the proposed alternatives are obvious enough. The discussion as to the possibility of getting more men, led to the introduction of a very interesting table, giving the previous occupations of 1898 underground workers in the Bowhill Collieries ; 948 were boys who had gone into the mine after leaving school ; 100 had been labourers, 78 mill-workers, and 60 farm servants ; the remaining 212 were drawn in from 77 different occupations, most of them so unlike coal-mining as to set at rest all doubts as to the theoretical validity of the "mobility of labour" doctrine.

The Board of Trade have compiled a series of *Tables showing for each of the Years 1900-6 the Estimated Value of the Imports and Exports of the United Kingdom at the prices of 1900* (Cd. 3446, 13 pp., 2 $\frac{1}{2}$ d.). The earlier return (H. of C. Paper, No. 321 of 1903) assumed that the price-changes deduced from observing all commodities could be assumed to apply equally to imports and to exports. No method of obtaining an index number can be free from objection, but the new tables avoid possible sources of error due to merging classes of commodities so distinct in character as our imports and exports. The following tables give the results :—

Year.	Imports.		Exports.		Re-exports.	
	Values as declared.	Estimated values at prices of 1900.	Values as declared.	Estimated values at prices of 1900.	Value as declared.	Estimated values at prices of 1900.
	Millions of £.	Millions of £.	Millions of £.	Millions of £.	Millions of £.	Millions of £.
1900	523·1	523·1	291·2	291·2	63·2	63·2
1901	522·0	540·0	280·0	294·0	67·8	69·0
1902	528·4	551·5	283·4	312·1	65·8	67·6
1903	542·6	558·7	291·0	320·5	69·6	69·9
1904	551·0	563·7	300·7	327·4	70·3	69·3
1905	565·0	573·8	323·8	359·9	77·7	74·7
1906	608·0	588·3	375·7	388·6	85·1	74·8

The movements are better seen when the above figures are reduced to percentages.

Year.	Imports.		Exports.		Re-exports.	
	Values as declared.	Estimated values at prices of 1900.	Values as declared.	Estimated values at prices of 1900.	Values as declared.	Estimated values at prices of 1900.
1900	100	100	100	100	100	100
1901	100	103	96	101	107	109
1902	101	105	97	107	104	107
1903	104	107	100	110	110	111
1904	105	108	103	112	111	110
1905	108	110	113	124	123	118
1906	116	112	129	133	135	118

It is the fashion nowadays to attach to our exports of manufactured articles an importance which they by no means deserve. It would be no more absurd to estimate the merits of men by the rate at which their hair grows than it is to estimate the economic position of nations by the rate at which their exports of manufactures grow. Since 1900 our exports of articles wholly or mainly manufactured have increased 34½ per cent. without bringing us measurably nearer the millenium. Our staple manufactures are "going" stronger than ever, as the following table of their export shows :—

Year.					Values as declared.	Estimated values at prices of 1900.
					£	£
1900	..	..	..	..	228,805,813	228,805,813
1901	..	..	..	..	223,823,211	230,806,282
1902	..	..	..	..	227,537,027	245,256,687
1903	..	..	..	..	235,809,717	252,529,530
1904	..	..	..	..	244,917,604	253,152,508
1905	..	..	..	..	271,033,011	284,359,077
1906	..	..	..	..	308,419,842	304,859,576

The *Minutes of Proceedings of the Colonial Conference*, 1907 (Cd. 3523, 622 pp., 5s.), have been issued. Many questions were discussed, some of trifling, others of considerable, importance. Not much less than half the book is occupied with the discussion on Colonial Preference. The case for the introduction of Colonial Preference has suffered from the fact that the speeches were made not for the critical examination of a council of statesmen, but with a view to their being reported. Hence in subject-matter, in logical quality, and in the introduction of cheap appeals to a sentiment which is becoming far too cheap, they do not differ materially from other speeches with which we are familiar. It is, indeed, an easy matter to select particular arguments for destructive criticism. Sir Joseph Ward is particularly anxious to impress on us that the introduction of Preference to British goods has not raised the price of those goods to consumers in New Zealand. Why should it? The amazing thing would be to find that it had done so. He had himself just admitted under cross-examination that the total trade had hardly been affected by the Preference, and yet he quite obviously wishes us to infer that the introduction of a duty on foreign goods entering this country will not raise their price. I am not asserting that it would; I am asserting that the argument from the New Zealand experience is so inadequate that it hardly became the seriousness of the subject or the character of the audience. There is a passage in the speech of Sir William Lyne which is even more disquieting. He introduced a chart "to demonstrate his arguments" because he found that the best way to "impress the effect" upon people. He had impressed the effect so slightly upon himself before he ventured to expound his chart to an audience which contained Mr. Llewellyn Smith and Mr. Wilson Fox that, although the chart distinctly states what would be quite obvious even if it did not, viz. that it shows percentages and not volumes of trade, he argued as if it did show volumes, stated under cross-examination that he thought it did show volumes, and finally discovered that it did show percentages without discovering that his discovery affected the quality of his arguments.

Sir William Lyne has also a new and interesting theory as to who pays the tax. "In actual practice, where you do not put a duty on for revenue purposes, and where you reasonably can produce it yourselves or manufacture it, it is the foreigner pays and not the consumer." For proof of this interesting proposition we have to be content with a vague reference to a speech of Bismarck's. Mr. Deakin is so sure that the foreigner pays that he objects to the use of the word "tax," preferring "duty," or even "partial tax," whatever that may mean.

The proof? Again a mere reference to Mr. Harold Cox. Over and over again words are used in a sense favourable to the argument in hand, with little regard to their exact meaning. Mr. Deakin includes alcoholic drinks in the category "food and food products," so swelling the amount raised in this country by taxes on food. Sir William Lyne asserts that Lascars are employed at $4\frac{1}{2}d.$ a day in the Australian coasting trade. "Dear me, no," said Sir James Mackay. "Yes, they are," replied Sir William Lyne; and finally it is discovered that if a P. and O. steamer calls at Adelaide, Melbourne, and Sydney, it is engaged in the "coasting trade" as understood by Sir William Lyne. Mr. Deakin very strongly emphasizes the fact that the programme which won at the last general election in Australia included "preference" to British products. It is only under cross-examination that he admits that it also included higher tariffs against them. There is nothing above the platform level in all this, but there is one thing even below it—Sir William Lyne's remark that we were treating the Colonies on a par with the foreigner so far as trade facilities were concerned. It is true, but that it should be made a matter of reproach by an Australian statesman is a subject on which the best comment is quiet admiration.

The Australian case for a preference in the markets of the home country was clearly and frankly expounded by Mr. Deakin. "Australia

**A YEAR'S IMPORTS INTO THE UNITED KINGDOM OF PRODUCE OTHER THAN WOOL
WHICH AUSTRALIA COULD SUPPLY.**

Articles.	From Australia.	From other British possessions.	From foreign countries.	Total imports.
	£	£	£	£
Butter	2,307,835	2,905,332	16,373,405	21,586,632
Cheese	—	5,007,516	1,332,295	6,339,811
Flour and wheat	4,291,027	11,110,194	25,923,555	41,324,776
Other grain ..	8,585	5,081,260	23,790,922	28,880,767
Eggs and poultry	—	173,543	7,638,483	7,812,026
Flax	—	16,400	3,213,742	3,230,142
Fruit	240,506	1,395,604	8,958,470	10,594,580
Skins and hides	693,274	2,569,119	6,774,721	10,037,114
Lard	—	630,425	3,062,148	3,692,573
Leather	265,786	2,492,349	4,985,540	7,743,675
Meat	1,635,160	7,222,842	29,514,113	38,372,115
Olive oil	145,859	1,554,626	1,300,751	3,001,236
Sugar	—	1,264,096	25,503,029	26,767,055
Condensed milk	—	343	62,999	63,642
Tallow	768,996	458,683	1,141,757	2,369,336
Honey	—	17,422	17,321	34,763
	10,357,028	41,849,704	159,592,551	211,799,283

obtains fair play from no foreign country" (p. 246). Until protectionist countries adopt a different attitude, "Australia's chief hope of expansion lies in the further development of her trade with the United Kingdom." This gloomy account of Australia's prospects squares somehow with the assertion (p. 253) that she is marching onwards with very rapid strides, thanks to immense increases in her exports. The squaring process is simple enough. When he desires to emphasize the need for preference, the speaker finds no words black enough; when he desires to show the possibilities of supplying the excluded foreign goods from Australian sources, no account of her grandeur is too glowing. The preferential mind sees no discrepancy between the two: both are right. The table on the opposite page illustrates this position.

Both Mr. Deakin and Sir William Lyne admit that the infant industries of Australia have remained infants, notwithstanding the nourishing influences of the Australian tariff. Sir William Lyne, though promising that the duty on English manufactures shall be trifling as compared with that on foreign, indicates that Australia will still protect her manufactures. "We want to deal if we can with Great Britain," he says (p. 335), "but we also want to increase our numbers and wealth by employment on manufactures, and to make ourselves what we should be, a greater country than we are; and a populous country can only be made by the establishment of manufactures."

The following tables give the extent of inter-imperial trade (i.) free of duty, and (ii.) subject to duty:—

IMPORTS INTO THE UNITED KINGDOM, 1906.

Colony whence consigned.	Free of duty.	Subject to duty.	Total.
	£	£	£
From Canada	28,019,668	15,368	28,035,036
" Australia	29,178,609	106,587	29,285,146
" New Zealand	15,618,850	168	15,619,018
" British South Africa ..	6,327,476	16,894	6,344,370

IMPORTS FROM THE UNITED KINGDOM.

Colonies.	Free of duty.	Subject to duty.	Total.
	£	£	£
Canada (year ended June 30, 1906)	3,406,000	10,815,000	14,221,000
Australia (1905)	5,788,000	14,513,000	20,251,000
New Zealand (1905)	2,484,000	5,300,000	7,784,000
British South Africa (1904) ..	6,506,000	14,385,000	20,841,000

The following resolutions on Preferential Trade, passed by the Conference of 1902, were reaffirmed by the Conference of 1907 :—

(1) That this Conference recognizes that the principle of Preferential Trade between the United Kingdom and His Majesty's Dominions beyond the seas would stimulate and facilitate mutual commercial intercourse, and would, by promoting the development of the resources and industries of the several parts, strengthen the Empire.

(2) That this Conference recognizes that, in the present circumstances of the Colonies, it is not practicable to adopt a general system of Free Trade as between the Mother Country and the British Dominions beyond the seas.

(3) That with a view, however, to promoting the increase of trade within the Empire, it is desirable that those Colonies which have not already adopted such a policy should, as far as their circumstances permit, give substantial preferential treatment to the products and manufactures of the United Kingdom.

(4) That the Prime Ministers of the Colonies respectfully urge on His Majesty's Government the expediency of granting in the United Kingdom preferential treatment to the products and manufactures of the Colonies, either by exemption from or reduction of duties now or hereafter imposed.

(5) That the Prime Ministers present at the Conference undertake to submit to their respective Governments, at the earliest opportunity, the principle of the resolution, and to request them to take such measures as may be necessary to give effect to it.

GEORGE W. GOUGH.

CURRENT ECONOMIC PERIODICALS.

THE Fiscal Question in Italy is discussed by Sr. Pacifico Giorgetti in the *Rivista Internazionale* for February. He deplores the general ignorance of all such matters in Italy, and makes out a strong case for reform. Forty or fifty per cent. of the agriculturist's produce is required to pay his taxes, and octroi is collected on foodstuffs entering the towns. Fiscal reform would lead to a rapid extension of industry; *e.g.* it is claimed that with cheaper sugar the preserved fruit industry would flourish. A general revision of the taxation of the country is necessary.

In the same issue is an account of the second Congress on Emigration; and also a criticism of the Bill introduced into the Italian Senate providing a Compulsory Day of Rest in Italy.

In the December number of the *Revue d'Économie Politique*, there appears an article by M. Pierre Girard on the recent agitation by French postal officials for the right to form trade unions. The conclusions are that postal officials are not legally entitled to claim the advantage of the law of 1884; that the usual grievances which trade unions seek to rectify are to a large extent non-existent; that the existence of such a union would seriously disorganize the work of administration; and that the results of a general strike would be so disastrous that this would have to be forbidden by law; and thus the trade union, having lost its chief weapon, would be in very much the same position as the existing association, which was sanctioned by the law of 1901.

In the same number, Albert Schatz and Robert Caillemer conclude their series of articles entitled, "Le Mercantilisme Libéral à la fin du XVIIe Siècle." The present section deals with M. de Belesbat's plans of reform in France.

Professor Sombart contributes an article to *Samfundets Krav* (Copenhagen), No. 2 of 1907, on Surplus Values. He advocates the equalization of wealth by means of taxation and the enforcement of a legal minimum wage. He points out that it is as important that the labourer

should have the same security in enjoying the produce of his labour as is claimed by the possessor of the capital.

M. Paul Bourget attempts in *La Réforme Sociale* for December to analyse the social value of such virtues as Family Love and Charity, and argues in favour of funds which encourage well-doing by direct reward.

M. Maurice Bellom writes in the same issue on "Le rôle social de l'ingénieur," dwelling at some length upon the duties of master and workman.

M. Charles Brun contributes to the same number an article on "Le Play et la Vie Provinciale," in which he shows that while the present movement against decentralization is full of Le Play's spirit, it is now clearly recognized that any rearrangement of Belgium for purposes of self-government must not be arbitrary, but must follow the natural affinities of the people. There is also in the same number an elaborate article by M. André Vovart on Apprenticeship, which urges the necessity for inspection and supervision of apprentices, especially in regard to the adequacy and sufficiency of the technical instruction which they receive.

Professor Palmieri writes on the Russian Jew in the *Rivista Internazionale* for March. Arbitration, Emigration, Zionism, and Revolution have all been tried as a means of solving the Jewish Question in Russia, without success, and no improvement is possible in the present state of ignorance in Russia. Better education is also needed among the Jews themselves.

The Development of Socialism in Italy is dealt with by Sr. F. Meda in the same number.

Two interesting articles are contributed to the *Giornale degli Economisti* for December last by Sr. Raseri and Sr. Mortara, on the Increase of Population in the Great Urban Centres of Italy in the nineteenth century. The growth and composition of the population of the Italian cities is described with considerable detail. Very full statistics are given, and it is claimed that there is no cause for alarm at the growth of urban populations.

Professor Cossa's article in the January number of the *Giornale* on Surplus Value and the Source of Profits discusses the subject very completely. Professor Bresciani in the same issue treats the question of Earned and Unearned Incomes by a mathematical method. The treatment is interesting, but the results not very definite.

Out-of-work Pay is the subject of an interesting article by Dr. Cordt Trap in the *Nationaløkonomisk Tidsskrift* for January. The Schanz and the Ghent systems of assurance are described and compared. The former, advocated by Georg Schanz, Professor of Wurzburg University, is based on compulsory weekly contributions from the members of the clubs, to which is added a grant from the employers. These sums are placed in the savings bank in the names of the several depositors. Up to the amount of 100 marks the deposits are reserved for unemployed benefit; beyond that sum they are at the disposal of the depositor subject to certain rules. The Ghent system provides unemployment assurance by a State grant to those organizations which of their own initiative undertake it. Both the Danish Bill and the Norwegian law are based on the Ghent system, but as trade unions are more numerous in Denmark and Norway than in Belgium, unemployment assurance has a wider basis in the former. The admission of clerks and shop assistants to the clubs is discussed, and through the trades unions a comprehensive unemployment insurance is being organized.

Tithes and their Commutation in Denmark and Abroad, by Elna Dahlberg, in the same issue, gives a short survey of the subject, with an outline of what various countries are doing towards commutation.

REVIEWS.

CAMBRIDGE: A BRIEF STUDY IN SOCIAL QUESTIONS.

By EGLANTINE JEBB. [272 pp. 8vo. 6s. Macmillan. London, 1906.]

The great need of the present time in sociology is minute and careful study of separate trades and separate districts. We have had books enough and to spare upon general principles, and before we can go much further we need fresh facts drawn, not only from the East End of London, but from all parts of England. It is, therefore, with pleasure that I welcome Miss Jebb's book as the most recent addition to the steadily growing library of localized sociology. From this point of view, indeed, it must be confessed that this book is somewhat of a disappointment. The actual investigation, though interesting in itself, is brief and slight; but Miss Jebb has aimed at something wider than mere investigation. After a sketch of the three great problems of poverty—unemployment, housing, and drink—in their local aspects, she proceeds to give a complete summary of the agencies for dealing with them at present existing in Cambridge. This second part, though it necessarily covers ground familiar to the social worker, will be of great value to those who are tempted by Miss Jebb's pleasant style to make their first intelligent study of the world in which they live. It is probably true that "to many Cambridge residents the larger part of Cambridge is non-existent," and if this book induces the Cambridge resident to pay as much attention to Cambridge in the twentieth century as he does to Cambridge in the sixteenth it will have done good.

The interest of the actual investigation does not lie in the originality of the conclusions reached, but in the positive proof which it affords that yet another of our smaller towns suffers from the same evils of civilization as our great industrial centres. We cannot expect to get new and startling facts as the results of every investigation. It would be most disconcerting if we did. But what we do learn is that here in Cambridge, with its fifty thousand inhabitants, as in Birmingham with its five hundred thousand, or in London with its five million, the same evils of town life reproduce themselves with machine-like regularity.

During the last century Cambridge has grown from a quiet market and university town of nine thousand inhabitants to a city of miscellaneous activities and a population of fifty thousand. Under the neglect of an unusually corrupt corporation it has developed the usual unnecessary slums, public-houses, and unskilled labour. In public-houses, apparently, it is almost unrivalled. One single stretch of under half a mile boasts twenty-two public-houses—only thirty-eight yards for the evicted drinker to stagger to a new haven of rest—two and twenty separate temptations for the labourer in a ten minutes' walk home. We can hardly be surprised that the employers of Cambridge affirm "there is any amount of unskilled labour, but we cannot find the skilled and reliable workmen we want." But unemployment does not appear to be a very serious problem in Cambridge, except in the building trade, in which an exceptionally high proportion of the men are employed—15 per cent. of the occupied men as against 7 per cent. in London. In this trade, it is true, a very large number are unemployed, and Miss Jebb has produced an unanswerable concrete argument for the establishment of a national system of labour exchanges. She has shown conclusively by a detailed statement that for the last ten years the erection of college extensions and other public buildings has caused a quite exceptional and purely local demand in the building trade. The labour which then flowed in is now stagnant, and will remain stagnant whatever the prosperity of the country. Unless steps are taken to transfer it, Cambridge will have built its colleges by mortgaging its poor rate.

The best piece of investigation in the book is that of housing conditions, which we are glad to find is the work of the Christian Social Union, and has already been printed in this Review. Although four years old, many of the scandals revealed in this investigation still await removal. There are, or were recently, eighty-one persons living three or more to a room; there are forty houses without their own closet—no very terrible figures contrasted with London; but why are they allowed at all? Surely Cambridge has no valid excuse for not at once removing evils so small in extent yet so costly in suffering. But in other directions good work is being done. In its relief organization, by which the unemployed can be set to do useful work in improving the Botanic Gardens, in its thrift bank by which visitors constitute themselves collecting agents for the post-office savings bank, and in its temperance council for co-ordinating temperance work, Cambridge has three organizations which are well worth the attention of students.

A book such as this is a real assistance to work in any town;

and if every branch, let us say, of the C.S.U. would attempt to produce a local imitation of it, a great amount of effort now wasted might be turned to good account. To compel all parish workers to read a "localized" edition would be a quite justifiable piece of ecclesiastical discipline. For we cannot agree that "the more spiritual the view which is taken of parish work the more inclination is there to give," or that "the man who is destitute is not in a fit state to receive the message [of religious workers], but by helping him in the hour of his need they may be enabled to win his soul. When we consider this we cannot be surprised that nearly all religious workers do give relief." A very slight acquaintance of the sort of soul which one is enabled to win with half a crown forces us here to part company with Miss Jebb, and to continue in the belief that the most spiritually minded of workers may, to quote her own words, "benefit by the accumulated experience of our ever-increasing army of social workers, and by the thought which numberless thinkers are even now bestowing on the problems of charity."

J. R. BROOKE.

WOMEN'S WORK AND WAGES. By EDWARD CADBURY, M. CÉCILE MATHESON, and GEORGE SHANN. [368 pp. 8vo. 6s. Unwin. London, 1906.]

This is one of the most interesting pieces of specialized work that have been produced in this department of political economy for some time. The authors have very wisely confined themselves almost entirely to women's work in Birmingham, though some of the chapters, noticeably that on wages, throw a flood of light on the general economic question. The authors have none of the reluctance, which characterizes a certain school of political economy, to lay down what ought to be done as opposed to what is being done, and a large part of the book might be described as a treatise on "how to become a model employer." We can only express a pious wish that there may be many employers in Birmingham and elsewhere who will find time to read the book through from cover to cover. The investigation is in the main confined to the 62,000 women who are engaged in different manufacturing processes in Birmingham, and the writers have had personal interviews with more than 6000 working women, and with 400 trade union secretaries, managers, and foremen of works employing women.

The student of economics turns with the greatest interest, perhaps, to the chapter on women's wages. The authors prove unmistakably that in Birmingham the wages of women over eighteen years of age move near ten shillings a week, while the wages for unskilled men

average from eighteen shillings to a pound at least. They show clearly that these low wages are not due to married women crowding into the trades in order to earn pocket-money, and so making the struggle harder for the bread-winner. On the contrary, the average wage for married women works out from sixpence to a shilling higher than that for unmarried women. Again, if it is said that the lowness of the wage is due to lowness of productive power, the authors have instances and figures which give cause for reflection. Though there seem to be few, if any, instances where men and women work side by side at the same articles, and women receive lower wages than the men for the same output, yet there are many cases where women now work at a trade which once was in the hands of men. In one section of the cycle trade the wages of the men had been from thirty to forty shillings a week. The highest wages of women, on identically the same machine and doing the same work, is now eighteen shillings, the average wage being much lower. In another trade an employer estimated that women's work was two-thirds as valuable as a man's, but they only paid them half the wages of a man. What, then, are the reasons for the lowness of women's wages as compared with those of men?

The authors quote with approval Marshall's dictum that "the national income is distributed among the several agents in proportion to the need which people have for their several services, *i.e.* not to the total need, but to the marginal need." But they do not emphasize the important fact that this doctrine, when applied to wages, only gives us the maximum beyond which no employer will go—*i.e.* he will not give a man in the long run forty shillings a week, unless the man produces goods which are at least of that value, as measured by the needs of the consumer. The minimum, too, is fixed by the fact that no one, not even a woman, will work for a wage below a certain sum (setting aside for a moment the abnormal cases of subsidized or parasitic labour), and that unless the public can afford to pay enough to exceed that minimum, the goods will not be produced. But the vital problem is how are women's wages fixed between this maximum and minimum. Assuming that the maximum value of a woman's work in a particular trade is, let us say, twenty-five shillings, and the minimum below which she will refuse to work is nine shillings a week, how is the actual amount fixed?

Now the orthodox political economist says that a very important element is supply and demand. If the supply is too great and wages fall, labour ceases to enter that trade, and so it rises again; if the supply is too small and the wage too high, other workers crowd in, and it falls again. But the authors show that the average wage of women in

Birmingham is, and probably has been for a great many years, ten shillings ; whereas in the cotton industry it is, and has been, at least fifteen shillings a week.

The important economic result which these data give us, and which the authors have not perhaps sufficiently emphasized, is that women's labour is practically immobile. One could have wished that the authors could have told us how many women there are who are not married or not living with their parents or relations. Their total number is in all probability very small, and these alone could be called really mobile. The overwhelming proportion are tied to Birmingham, because their husbands or fathers are at work in that city.

The next point one would wish to add to the analysis given by the authors is that the supply of women's labour in Birmingham is so inexhaustible and so little tapped at present. Not so many as one in every three females over fourteen in Birmingham are given as employed in any occupation, and, consequently, this must mean that in the question of bargaining with the employers they are at a tremendous disadvantage compared to men, who have nothing like this immense reserve of unemployed.

The third element that might be added to the authors' analysis is one on which the earlier economists often failed to lay sufficient stress. Just as in the professional, so in the wage-earning ranks, a man demands a wage sufficient, not only to keep himself, but to admit of his marrying, and the employer knows that the workman will fight to the last to retain that customary standard. A woman, on the other hand, only expects a wage enough to keep herself, except in that small minority of cases where the woman is a widow with children. But the customary wage in Birmingham, *i.e.* from ten to twelve shillings a week, is fixed by the majority, and the widows with children are economically not strong enough to increase this customary wage.

The result of these investigations in Birmingham show that many firms who once employed men now employ women at the same jobs, and, while their total output is but little reduced, they only have to pay about half what they paid before in wages. What, then, becomes of the surplus profit ? The authors quote numbers of firms who employ women, and are paying dividends of from ten to fifteen per cent. One suspects that most of these dividends are what might be called "transitional dividends," *i.e.* they come in a period when working expenses have been greatly reduced by the introduction of women's labour, while new firms, tempted by these high profits, have not had time to enter into these lines of production and undercut the prices.

For the most part it seems in Birmingham that the effect of women's work has been to lower the prices of the goods produced, that is to say, not that woman's work is mostly concerned with a cheap class of goods, but that the goods have become cheapened because women have entered into that branch.

In the last chapter the authors advocate the establishment of a minimum wage, realizing and cheerfully facing the fact that it would have a tendency to increase the price of goods in those trades in which it was enforced, but believing that the rise in price would be more than compensated by the moral and spiritual gain which better wages and shorter hours would bring to the women of England. It is to be noticed that the authors have lent their approval to Sir Charles Dilke's bill, which only establishes a minimum wage, and not a minimum of unemployment, and therefore leaves out of its view the worst cases of all, the casually or intermittently employed, who get, in many cases, a fair piece or time wage, but are only employed during two or three days in the week. Space forbids us to deal more with this interesting book, which will be of the greatest value to the student of economics, furnishing him with that desideratum often sought but seldom found, reliable statistics carefully got together and lucidly arranged.

J. ST. G. HEATH.

PRINCIPES D'ÉCONOMIE POLITIQUE. Par GUSTAV SCHMOLLER, Professeur à l'Université de Berlin. Deuxième Partie, Tome III. Traduit par LÉON POLACK, Professeur de l'Université. [615 pp. 8vo. 10 francs. Giard et Brière. Paris, 1906.]

Professor Schmoller has been fortunate in the choice of his translator. He himself writes interestingly, to begin with; but it is not every German book which issues from the process of translation into French in the same attractive and readable form, with, moreover, all technical and scientific terms aptly rendered.

Professor Schmoller's views are, of course, pretty well known to students of political economy. They have not as many adherents in this country as in his own, for which, no doubt, he mainly writes. Fortunately in a book like his *Grundriss der Allgemeinen Volkswirtschaftslehre*, there is bound to be very much more stated than mere individual views. And that substantial balance, the historic, explanatory, elucidating part, the author's wide reading and well-established erudition help him, together with an agreeable manner of telling, to make instructive and attractive. There is a great deal of information gathered together in these pages.

Unfortunately, Professor Schmoller's information at points plays him false. His chapter on banks and banking is, generally speaking, his weakest, as the chapters on trade and commerce, on weights, measures, and money, with an excellent argument added on bimetallism, are his best. But more particularly with regard to British banking he is led widely astray by the authority which admittedly he has followed. And it is just upon our banking methods that Germans at the present time, while they are bent upon useful but risky ventures in their own way, might well do with a little trustworthy enlightenment. An author who gropes his way towards an explanation of our trust companies amid the definitions given in legal hand-books on "*cestui que trust*," is not likely to be a safe guide. Why does not one of the many German bankers settled in Great Britain write a book on British banking for the benefit of his countrymen? Professor Schmoller is also scarcely fair specifically to the Bank of England, the position of which he does not appear rightly to appreciate. And he is as little kind to our trustee savings banks, which, notwithstanding Treasury badgering, have managed to hold their own very well. Surely there are later statistics obtainable at Berlin than those of 1889? A visit to the North of England and to Scotland would put different ideas into our author's head.

One is glad to see Professor Schmoller growing more friendly to Raiffeisen in dealing with co-operation. His footnote to Dr. Stöger's article in 1891 indicated little sympathy. However, what he says about co-operative credit generally is of the scantiest. So is his information upon organizations for supplying mortgage credit. He admits the importance of such institutions in arguing against private mortgage credit. It is probably the narrowness of his information on more or less co-operative mortgage institutions which makes him over-rate the utility of mortgage banks, which have of late years lost their investors much money. Why has he not a word to say on the "*Land-wirtschaftlicher Kredit verein im Königsrich Sachsen*," which is one of the most useful mortgage institutions in Germany, having now over £16,000,000 outstanding in mortgage credit? There are one or two similar institutions already in Germany. And why does he, like all German writers on the subject—barring Dr. Hecht in a very brief reference—say not a word about those most useful co-operative mortgage societies of the Scandinavian kingdoms? The Danish societies are excellent, and do a larger business in proportion to the size of their country than the German *landschaften*.

As is customary in Germany, Professor Schmoller gives a very full bibliography. That would be still more useful if there were not some

carelessness in the use of initials, and such unfortunate slips as the spelling of Crüger as "Krüger."

However, the French translation of this important work is sure to be greatly appreciated by those who have difficulty in reading it in its original German.

HENRY W. WOLFF.

LA CRISE VITICOLE ET LA VITICULTURE MÉRIDIIONALE (1900-1907). Par FRÉDÉRIC ATGER, Licencié-ès-Lettres, Docteur en Droit. [131 pp. 12mo. 2 fr. 50 c. Giard et Brière. Paris, 1907.]

This little book, written by one who is evidently well acquainted with the facts, comes opportunely to enlighten readers in a less happy position on the main merits of the question which is now so greatly disturbing France. Perhaps the author is not sufficiently outspoken to bring the argument fully home to his French readers. Very naturally he appears to shrink from treading upon corns. Other writers in the French economist press have spoken out more plainly. However, M. Atger conclusively shows that the ruling price of wine is not now lower than it was in France before the phylloxera came upon the scene to produce an artificial dearth. It is quite true that the cost of production has increased. However, the consumer has nothing to do with that. So far from legislation having done anything to reduce the price of wine, it still keeps it up artificially above its natural level by closing the frontiers, to the consumer's prejudice, against the still cheaper Italian and Spanish wines. In truth, the present wine crisis is a telling object lesson exhibiting the mischief done by a protectionist policy, and the habit thereby generated among the people of a country to look, not to their own efforts and the judicious guidance of the same, but to the grandmotherly solicitude of the Government to make their calling remunerative, at other people's expense, with whatever negligence and want of judgment they carry it on. Protectionist legislation has led people to grow more grapes in France than there was demand for, and to grow them, for the sake of yield, of inferior quality. Things went well enough for those who had grapes to sell while the phylloxera put a large acreage out of cultivation. However, with the help of American vines the acreage was once more restored to its old breadth, and even beyond. Algerian produce was brought in to compete. Enormous crops are now produced, and produced pretty regularly. M. Atger shows that however much the yield per acre may vary as between year and year, as between decade and decade it remains steady enough. Grapes continue

to be produced in the old-fashioned way, as is sugar cane in the West Indies, where it will not any longer pay. On the broad stretches of the "Midi," for climatic reasons, it would not do to cultivate produce of a higher class. Some experiments made near Montpellier, of which Professor Foix, director of the Agricultural College of that city, told me thirteen years ago, have made this clear. However, there is not a little of the cheap "soft" wine grown, for quantity, where better wine, less liable to wholesale depreciation, might well be produced. And all the wine now produced, of American plants, turns out inferior in quality to what was produced before on the same soil. However, since the Government cares for the winegrower, why should they take care of themselves? We had the frank avowal of this only a few months ago from a professor of Paris, who is also a winegrower in the Gard, and who unblushingly suggested that Parliament should prohibit any man from laying down new land under vines, in order that he himself and others in the same position might enjoy their monopoly to the full. At the periodical meetings of the French agricultural syndicates, it has been truly amusing to watch the pleadings on either side, the winegrowers denouncing the great Napoleon's special friends—the beetroot growers—because they produce sugar (which the winepressers are thankful enough to have in bad years), and the beetroot growers retaliating. "If sugaring wine is fraud," so pertinently asks M. Clavery, in a leading French periodical, "how about blending?" The French winegrowers have made Mr. Chamberlain's plea their own: "You cannot teach old dogs new tricks, therefore you must protect men in their old callings." It is a poor plea indeed. France is not yet so decrepit as all that. "The intrinsic value of a thing is just as much as it will bring," and if it takes more than that to produce, it is not worth producing, as would be hothouse grapes for wine, and as to some extent are hops, in this country. Our hopgrowers did not like being crushed out, but they had to go, and the country is no worse off.

M. Atger's book is written with much knowledge, and quotes authorities freely.

HENRY W. WOLFF.

EDITORIAL NOTES.

THE Session has come to an end, and again social reformers are left with a feeling of disappointment. Once more the Government have selected for their chief measure a Bill not destined to pass. Last year we had the Education Bill; this year we have the Irish National Council Bill. If the latter has wasted less of the nation's time than the former, that is only because it failed at a still earlier stage and in a manner even more discreditable to its authors. The Scotch Land Bill has also perished, unhonoured and unwept. How long are the hopes of reformers to be baulked? It is true that we have the promise of a Licensing Bill next Session, but there are many other claimants to the first place; and no Licensing Bill which fails to secure the first place has the very faintest chance of becoming law. There is reason to suppose that a large part of the Government's proposals on this subject will be put into the Budget; but no financial schemes can effect the desired reforms without the help of reform in the methods of management and control, which will be subject to the most violent attack. Yet there are rumours of a new Education Bill, and of an attempt to disestablish the Church in Wales—which could not be supposed to be the most pressing necessity of the age.

We are disappointed; but no doubt some good has been done. And some of us at least are particularly pleased that the policy adopted—though somewhat timidly adopted—by the Government as the basis of their Land Bill for England embodies the principle of public ownership, and has even led Ministers to support that principle in their speeches. Mr. Winston Churchill, who has taken his part in warning an apathetic country against Socialism, has also keenly advocated the chief of Socialistic

doctrines—inadvertently, no doubt: and as we do not expect professional politicians to have any conscious political principles, we are grateful when emergencies guide these influential automata into what some of us believe to be the true path of progress.

There may be different opinions about some aspects of Mr. Burns' administrative policy; but there ought to be only one feeling about the courage he has displayed in exposing municipal corruption. Those of us who hope for progress by way of the development of municipal enterprise can only be thankful for the exposure of all that is mean and unworthy in their present condition. It is sad that there should be corruption; but if it is there, let it be brought to light. For a development of corrupt municipal enterprise can clearly do only harm. But the fact of the corruption does not dishearten us. Not much over a century ago Parliament was corrupt through and through. The public must learn to watch over its own concerns in municipal as in national affairs, and insist alike on honesty and on efficiency. If the House of Commons could be transformed into a (tolerably) trustworthy organ of the popular will, why not the County and Borough Councils?

The narrow escape which the country has had from a very serious strike in the ship-building trade will, we hope, bring home to many who had not realized it the urgent necessity for devising proper methods of stating and settling industrial disputes. We know how much has been done, and how the organization of the labourers has facilitated matters. We know too, that the settlement reached at the last moment in this very dispute would have been impossible if the organization had been less complete. But we hold very strongly that the time is ripe for further developments, for the provision of proper channels of complaint, for enforcing attention to those complaints, if not for establishing compulsory arbitration. It is to be hoped that in the ship-building trade the first two of these desiderata may be

secured; but the same should be done for other trades. It is monstrous that the nation as a whole should suffer irreparable damage—as indeed it might have done in this instance—because a difficulty has arisen as to the work allotted to apprentices. We do not blame either of the parties to the quarrel; to them the matter at stake may be of urgent importance; but we urge the nation to see that its own interests do not suffer while contending factions are, quite legitimately, pursuing their own.

“Compulsory arbitration,” suggests the Hague Conference. Mr. Quelch thinks it is a “thieves’ kitchen”—or at least he calls it so. We do not agree with him; we are inclined to think it the most encouraging fact in the civilized world. At the same time, it must be clearly understood that no good will be done as long as nations agree to submit their differences to arbitration only if their most vital interests and their honour are secure. The Peace of the World will only be won when some nations are prepared to run serious risks for its sake. Whether a sacrifice will be called for we cannot say; but the spirit of sacrifice must be there. Our hope in this matter lies in the democracies. It is the people who really know what war is; and as they strengthen their hold on the policies of the nations they will determine that there shall be no more of it—at least between civilized powers.

It would ill become the organ of the Oxford University Branch of the Christian Social Union to ignore the question recently put to the Government in the House of Lords by the President of the Christian Social Union about the Universities of Oxford and Cambridge. We have heard it said that he was misinformed, and was under the impression that Oxford had not moved since he was a college tutor. We saw no evidence of this in his speech. He thought a great many people in Oxford very idle; so they are—and to reply that a great many work very hard is *Ignoratio Elenchi*. He thought Oxford life very expensive; so it is—however cheaply some hard-working men

contrive to live. We hope his action may give a new impulse to the reformers inside Oxford, who believe in her ideals and traditions, but want to widen and intensify her influence.

Once more the Workers' Educational Association has held its Annual Conference in the Schools ; and this year a considerable number of working men were brought up by the Association to attend the Summer Meeting of the University Extension. It was an interesting occasion. When they arrived they were rather suspicious of Oxford and Oxford men, and expected to find a similar suspicion on the other side. They went down entirely changed in that respect, with a new belief in what Oxford has to offer, and a new demand that it may be brought nearer to their reach. We believe that they will not easily forget, and we are sure that the members of the University who helped to entertain them will not easily forget, the time of their stay. There can be no doubt that great good was done, and that it will be done whenever Labour and Learning can be brought together in Christian and social union.

BACK TO THE LAND.

IN looking at any period of history, whether recent or in the long past, it is desirable to try to detect the main feature which has characterized the economic life of the time, and to consider other traits in relation to this dominating influence. There can be little doubt as to the principal reason for the agricultural depression, and consequent rural depopulation, which is at present attracting so much attention. American competition, and especially American competition in the production of cereals, has been a new and potent factor, and has left a very deep mark on English economic life during the last twenty-five years of the nineteenth century.

The influence of American agriculture, since the Civil War came to an end and the fertile soil of the West has been opened up by railways and cargo steamers, has been felt in every country of Europe, and has threatened the rural system in each and all. European agriculture, as carried on up till 1860, has ceased to pay; the price in every market is affected by the American supply, and the local producer has great difficulty in getting a remunerative price. The effect in different countries has been different; in France and Germany corn-growing has been maintained by means of heavy protective duties which secure the home market to the native producer, while the development of native industries has rendered it possible for the Austrian farmer to make his purchases at home, and has relieved him from the necessity of dealing in foreign markets. Of course this policy entails disadvantages which are felt in different ways in different countries. Dependence on merely national sources of supply naturally tends to render food dearer than would otherwise be the case, and gives an excuse for unrest on the part of the classes who contribute the subsidy which

maintains the agricultural interest as a going concern. In Sweden, where the same policy is pursued, the migration of agricultural labourers to the States is rendering it more and more difficult for yeoman farmers to carry on the existing rural system, in spite of the protective tariff. For the present, the terms on which corn can be raised in Europe have been substantially changed, and England has suffered like other countries from American competition. There is no reason to suppose that the failure of our agriculturists to hold their own is due to anything special to England, either in the system of tenure, the methods of tillage, the size of holdings, or anything else. The agriculture of every other European country has been subjected to a similar strain, and it has been necessary in each in turn to look for some remedy that shall be applicable to the circumstances of the case. Rural depopulation must come into operation, so long as the great industry of the country districts is unremunerative, and fails to offer employment to labour on suitable terms. The fundamental question in regard to the problem is economic: How can the land be so managed and employed that it shall be made to pay? No reform is worth considering unless it offers a prospect of better and more remunerative production than can be obtained at present. To set the question in the right terms is the first step towards finding an answer.

Many important services were rendered to English agriculture by the laborious investigations of Arthur Young, but he has also been the cause of an immense amount of mischief by the simple process of striking out a happy phrase, which has caught the ear of the British public, and seems to save them from the necessity of inquiry or thought. "The magic of property," it is said, "turns the sand into gold." English agriculture is in a parlous state; but there is a widespread impression that if we could only secure a cultivating proprietary, it would be restored by magic. As I have heard it said lately, "It is no use arguing about the matter, the only question is, do you believe in the magic of property?" Quite frankly, I do not believe in magic of any sort, and least of all, in the magical effect of any

one system of land tenure. The farmer in the United States is a proprietor; he is not affected prejudicially by game preserving, or by the conditions of a lease; he has perfect freedom to do his best, and to make the most of his land. And how does the magic of property operate there? It fails to enable a man to continue to cultivate lands where he has made his home, and to which the ties of sentiment attach him. There are hundreds of derelict farms in Maine, New Hampshire, and the Eastern States. The magic of property does not enable the proprietor, who has no capital to speak of, to tide over a bad season; and hundreds of ranchers in California are heavily in debt to the local banks, and are practically astricted to the land on which they work hard and fare poorly. The sense of property is a stimulus to a certain extent, both to the investment of capital, and to assiduity in labour; but it only invigorates known forces in a small degree and within narrow limits; it is in no sense magic.

The phrase, directing attention as it does to the creation of a peasant proprietary as the one and sufficient remedy for all the ills of rural England, is singularly misleading. It begs all the important questions. There were many peasant farmers at the close of the eighteenth century: but their life was a hard one; they did not fare better than rural labourers fared then; and it may be doubted whether it is desirable deliberately to re-introduce a class who are content to subsist on a low standard of comfort. The small farmers were unable to hold their own in competition with capitalists a hundred years ago,¹ and we ought not to assume hastily that they could do so now. The failure of ordinary tillage to be remunerative in England means, on the face of it, that something new must be attempted and adopted—new crops, new methods of tillage, new methods of marketing. But the great characteristic of the cultivating proprietor is his suspicion of anything new, until it approves itself in his own experience; he cannot

¹ On the economic causes of the disappearance of small farmers in England, compare H. Levy, *Die Entstehung und Rückgang des landwirtschaftlichen Grossbetriebes in England*, 1-92.

set himself to be a pioneer; he has neither the knowledge nor the nerve. His forte lies in doing with extraordinary patience and assiduity that which his father did before him, or at most that which he has seen his neighbour do successfully. The great age of agricultural improvement, when new methods were introduced, both as to tillage and cattle-rearing, was a time when capital was attracted to the soil, and spirited proprietors sank large sums in improving their property; if any great changes are required, either in the crops or the methods of the English agriculturist, there is little reason to believe that they will be successfully initiated by a cultivating peasantry.

We may well pause before attempting to reverse the agricultural revolution of the close of the eighteenth century; but we may find more encouragement when we turn our attention to contemporary experience in other European lands. There are several areas in Europe where no serious effects are at present noticeable from American competition, because they have been able to *evade* it, and have found a market which is not supplied with American products. This is the case with the cultivators of the vine: none of the newer countries, either in California, Australia, or the Cape, are able to undersell the districts where the cultivation of vineyards and the manufacture of wine has been carried on for centuries. Again, the peasantry round Cannes and Nice, who have devoted themselves to growing fresh flowers, have nothing to fear from American competition, as the difficulties of picking, packing, and transport, are so great as to seem insuperable. So, too, the farmers of Denmark have developed dairy farming and poultry farming to a remarkable extent, and there seems to be little doubt that they can hold their own without protection of any kind; the country throughout seems to have a special advantage for a form of rural industry which American competition does not seriously threaten. There is doubtless considerable scope in some parts of England for developing fruit and flower gardening, and dairy and poultry farming; the chief difficulty lies in the successful marketing of goods. The system which applies in one place cannot be transplanted ready-made to another. The small holder is at a

disadvantage in marketing his goods as compared with the man who deals in large quantities; the great production of fresh vegetables for the London market in the fens has been organized on large farms with suitable implements. The possibility of re-introducing small holdings that can be made remunerative depends partly on the character of the soil and the exposure, but much more on the opportunities for marketing the produce and getting a good price. When everything is taken into account, it is doubtful whether there is room for an indefinite extension of either fruit or dairy farming in small holdings by labourers who are working for a market, and depend for their livelihood on the price of their produce.

There is far more scope for the introduction of very small holdings or allotments, which the cultivators could work for subsistence, and not for a market. This system was in vogue even for large estates all through the Middle Ages; it was only, so far as we see, in the Elizabethan era that farming came to be directed towards the market, and organized as a trade, since the cultivator aimed not at getting food, but at producing something he could sell. The allotments or small holdings, which are intended to enable men to eke out their own subsistence, and not to make money, escape all the difficulties about marketing; the products are not brought to the market, but used. If these holdings are an adjunct, not the sole support of a family, they do not give rise to the difficulty which the poor man has in tiding over a bad season; he is deprived of comfort, perhaps, but not left utterly penniless. Allotments can be employed by rural labourers to raise food stuffs for their families, and feeding stuffs for poultry and pigs; so long as the produce of the land is utilized on the spot, there is a most useful addition to wages, an immense increase of comfort,¹ and the incalculable gain of a new and wholesome interest in life. There is comparatively little difficulty in making provision of this kind for rural labourers; and even in the neighbourhood of many

¹ Compare the evidence in the *Report on the Labouring Poor (Allotments)* 1843 v., also the evidence in the *First Report of the Poor Law Commissioners*, 1833, xxvii.

towns the facilities of rapid transit which electric cars afford may render it possible to set apart allotment gardens, within comparatively easy access, for large numbers of the artisan population. They would thus be restored to the condition of a more stable life, since each such household would have two sources of supply—the wages earned by working, and the produce which would help to improve the standard of subsistence. The boons of an added family occupation, and of the interest which is taken in successful cultivation, would all tend to make life better worth living, and would certainly render it less precarious.

The development of subsistence farming is, then, as it seems to me, capable of indefinite extension, and is likely to provide a means of utilizing the soil, which will give us a better population, both in town and country, than is ever possible under the nineteenth-century scheme of capitalist employment with a proletariat both in town and country. It was deliberately rejected by nineteenth-century economists like Mill, who argued that it must tend to lower wages, and to over-population;¹ while those who regarded Free Trade as a panacea, were impatient of any doubtful remedies for rural distress.² But the doctrine of the Wages Fund has ceased to hold the field; the bugbear of over-population has ceased to alarm the public; and the efficacy of Free Trade, as a cure for all social and economist evils, is no longer undisputed. Undoubtedly the tenancy of a holding, and the improvement of it, tend to decrease the fluidity of movement, and to check the re-adjustment of the supply and demand of labour; but it is not wholly useless if it helps to give stability to the home, and to limit the fluctuations of the labour market in any district.

This is one of the many directions in which the course of progress may lie in borrowing from the wisdom of the past. We may, I believe, gain, from the experience of the long ages of subsistence farming, some knowledge as to the best way to utilize the resources of a community that is, and is likely to

¹ Mill, *Political Economy*, Book II. cap. xii. s. 4.

² Mr. J. Hume, 3 *Hansard*, lxviii. 857.

continue to be, mainly industrial. The past cannot give us a model to copy, or an example which we can try to re-introduce ; but it can give us suggestions as to the wisest method of dealing with the new difficulties we have to face.

W. CUNNINGHAM.

SOCIALISM IN ITALY.

THE evolution of the Socialist ideal fortunately and naturally takes different forms in different countries. In a country like England it feels the reaction against industrially developed individualism, and the marked feature of Socialism in this country is therefore an insistence on the State as the great enemy of such individualism.

But in Italy conditions are very different. Italy has in some measure escaped the evils of the industrial revolution. The ground was in fairer condition for the sowing of the seeds of Socialism, and for the reconciliation of so-called Individualism and Collectivism. I do not mean for a moment that there existed in the country any Collectivist organization, but simply that the spirit of the people was more equally balanced between Collectivism and Individualism than was the case in England in the early days of Socialist preaching.

The first sower in this fine soil was Bakunin. He swept through the country like a prophet of old, and with the fire and faith of the noblest. He denounced with prophetic rage the State of the warriors and the God of the priests. Had he lived in another age he would, no doubt, have driven the money-changers out of the temples and called himself the Son of man. But he was not poetically, mystically, or symbolically minded; so he preached the Gospel of Christ in materialistic terms, and his glory is that, in spite of his lack of these three valuable means of touching men's hearts, in spite of his limitation to the materialistic interpretation of the divinity of every individual son and daughter of man, yet he must undoubtedly be recognized as one of the great prophets of the world-movement of to-day. But he was a talker, not a writer; so that in reading his one book, or rather collection of paragraphs, we get a very faint

idea of the man. A better way is to judge him by his work—by his effect on those who heard him, and on the countries in which his influence was most felt.

Italy, as much as any country, has been affected by his teaching. It is largely due to him that there has never been in Italy that misunderstanding of Anarchism that is so prominent in England. And it was well for the country that it was so; for with the importation of German influence, and particularly that of Marx, the Italian mind seized on the Collectivist, or State, side of those doctrines, and by a hereditary dogmatism, due to centuries of Roman teaching, confined the purposes of the Italian Socialist party within the narrowest possible channels. It was the formation of this party that focussed men's minds on political action, and so much was this the case that for a time other needs of organization were entirely neglected by the more energetic leaders of the movement.

Among these leaders, Enrico Ferri towers head and shoulders above all others in the popular estimation. He is a fine orator, a man of leonine temperament, and of distinguished appearance; in short, just the man to touch the popular imagination. But with this he combines an acutely scientific mind. Lombroso, the star of Italian scientists in those times, has since called him his dearest and ablest pupil. He made a fine reputation as a criminal lawyer, and his brilliant pleadings contain at once the first principles of criminology and of sociology. To him, if to any single man, must be attributed the success of the Socialist party in having thirty Socialist deputies in the Italian Parliament long before the formation of the Labour party in England. But like many party-makers, it has been his fate to see the party needs and party programmes become his personal limitation, if not his political prison. He has developed into an essentially party man; the best of his energy now goes to keeping the party together: *Unity of the Party* has for two years or so been his cry, replacing that on which the party was founded—*Unity of the People*.

The history of the party is one of deep interest for students of social progress. It had scarcely been formed when the

definite tendencies of Left, Centre, and Right showed themselves. For a time these divisions were reduced to two by the secession of a great number of Anarchists. They naturally fell out as the party became more and more a purely political machine. But the State and anti-State tendencies again defined themselves, and two strong sections were christened respectively Reformist and Revolutionist. With a weak Centre unable to reconcile these extremes, the party was threatened with disaster; and it was at this period that Ferri, hitherto the leader of the Left, moved Rightwards, and formed a controlling Centre again,—Turati, a very much cooled-down Revolutionist, remaining the leader of the Right, or the purely legislative Reformists.

While this rearrangement was in process, there happened one of those events which upset the calculations alike of kings and labour leaders. There had been serious peasant strikes in the South, and the Government, in its usual careless manner, had thought to suppress them by means of the army. Under provocation of the sight of uniforms and guns, the exasperated peasants began to attack every sign and symbol of Government. The result was a series of little massacres in various parts of the country, and a growing feeling of unrest among the whole people. The shooting of two men by the soldiers near Genoa finally called out the expression of that unrest. To the joy of some and the surprise of many, this did not take the form of disorderly demonstrations, but of a general strike, which spread in an almost spontaneous manner from city to city, from town to town, and from village to village. Let us bear in mind the Italian temperament, and we shall realize how the absence of violence added to the impressiveness of this manifestation of labour solidarity. And beside its immediate object of checking bloodshed, this national strike turned men's attention to the possibilities of direct action. The Socialist party could not take any credit for this great manifestation; their leaders had set themselves openly against it from the beginning. But they were stirred to action by it, and made an effort to discuss the matter in the Chamber. This, however, they could not effectually do, and so took the extreme step of resigning *en masse*.

But this only led them into greater difficulties, for in so doing they lost two seats.

Another event of importance to the movement quickly succeeded the national strike. The railways of Italy are the property of the State, but had been for many years rented by private companies. When the time for renewing the leases came, the Government decided to undertake the administration of the railways, or the greater part of them, and the railwaymen took this opportunity of voicing their grievances. Then came a significant moment. On the question of State railways the Socialist workers of the country found themselves divided. A bill was brought before the House in which the State organization and the status of employees was outlined. To the surprise and sorrow of many "State" Socialists this was received by the railwaymen with a general railway strike, and, in spite of the indifference and (in some cases) the opposition of Labour leaders, the country was so thoroughly upset by this action that the Government had no choice but to withdraw the bill, and form a new ministry.

This is not the place to discuss the comparative merits of the first and second railway bills. It is enough to know that the second was a noticeable improvement on the first, so far as the men were concerned. Unfortunately the Socialist deputies, disheartened by their parliamentary losses subsequent to the general strike, did not take any vigorous action on the railway question. This may have been good party tactics, but it was bad policy from the popular point of view. The proletariat, in its wisdom, is little concerned about the fate of a party when vital questions are in the air. The impression left on the railwaymen was that they had been sacrificed for reasons of party expediency.

And this impression was not limited to the railwaymen. These two great strikes had again brought into notice the Anarchist theory of direct action—that is, action by the workers themselves in their daily life, not trusting their fate to political representatives, but by continuous education and agitation working to bring about an economic crisis, an economic revolution.

The feeling against political action was so strong, even in the Socialist party, that nothing but a coalition between the Centre and Right at the last Congress could save it from disruption. As it was, there once more took place a considerable secession of the Left. There was a curious misunderstanding on the final vote of the Congress. The Left had put forward a resolution which was (no doubt in some part purposely) misinterpreted as requiring a "working-class" qualification for members of the party. Of course the qualification intended was that of all who work with hand or brain. Anyhow, it seriously influenced the vote, and misled the country as to the strength of the Revolutionists, who at that time were already beginning to be known as Syndicalists.

Meanwhile the influence of Bakunin, Kropotkin, Reclus, Malatesta, and other Anarchists, was percolating the mass of those who were not attracted by the political side of Socialism, while at the same time Anarchist ideas were re-emerging from the lop-sided individualism, which was due to the superficial influence of Stirner and of Nietzsche. The Anarchist-Socialist League and the innumerable Anarchist-Communist, or simply Anarchist, groups had been little affected by these writers until the seventies and eighties. It was never a direct influence like that of Kropotkin, for instance, whose writings are almost constantly appearing in little halfpenny papers. It was handed on by that group of superficial "intellectuals" who, in every country, devour with eagerness the sensational philosophies of the day. In Italy we must at least credit these "intellectuals" with being in touch with the people. But with the beginning of the present strike period, the Anarchist-Socialists (or Anarchists—the merely individualist Anarchist is so much a thing of the past that the terms are interchangeable) realized that the time was ripening for concerted action. Thanks to them, and to the happier temperament of the country, the Italian Trades Unions had not grown to the unwieldy machines which is their distinguishing feature at present in England. Indeed, statistics would show that the movement in Italy is a very weak one. Nevertheless, for direct action the less

crystallized, and particularly the truly democratic regional organization of Italy, would seem to be by far the most effective.

So when the Socialist Left proclaimed the Workers' Syndicates their one hope of revolution, they were joined by many who had hitherto remained outside a party given over to the works of diabolical politics. The result was a Syndicalist Congress (June—July, 1907), to which delegates were sent representing close on 100,000 members of the new Syndicalist groups, of Trades Unions, and of certain Socialist party branches. An almost unanimous vote was carried for complete secession from the party, for direct action, for an anti-State conception of politics, and of course for anti-militarism and anti-clericalism. (With regard to the latter it is interesting to note that the Syndicalists were not such rabid anti-clericals as the Socialist party during the clerical excitement in France.)

One most wise move was at once taken by the Syndicalists. They turned their attention to the hitherto neglected peasants, the class often called un-proletarian because their system of remuneration is not by money-wages. There had been very few peasant strikes of importance for many years; but now began a series of surprising, almost revolutionary movements. It must not be thought that these were worked up by the Syndicalists; their wisdom was simply in recognizing the importance of that moment in the development of the economic power of the peasant. A strike affecting half a province and over 10,000 peasants of the Ferrarese was brought to a satisfactory conclusion after more than two months. Their organization was crude and new, yet they successfully withstood every attempt to introduce blacklegs, while at the same time avoiding conflict with the troops—infantry, cavalry, and artillery—who were spread thickly over the district. But of even greater sociological importance were the many forms of co-operation that sprang up spontaneously among the strikers—barbers, cobblers, and tailors, for instance, gave their services free; and families in the towns volunteered, through the regional democratic organization (*Camera del Lavoro*), to receive and care for the children of the strikers and the infirm old. To what extent this last form of

solidarity was realized can be imagined from the fact that after a few weeks special notices had to be issued declaring that there were no more children or old people in the district. Many pages could be filled with such examples taken from peasant strikes in other districts in progress at the time of writing. It is a new *Insorgimento*.

The constant fluxion of ideas is the hope and promise of Socialism in Italy. As it increases and becomes more and more complex, the old doctrinal barriers are broken down, although the doctrinal extremes are still well defined. It is all an effort to discover what form of social service is best suited to different individuals. The Socialist party will be stimulated to greater political efficiency by the sight of renewed activities of "direct action" Socialists, their trades unions, co-operative societies, parties and groups innumerable, and will see more plainly every day that no differences of opinion can be great enough to exclude any form of progress from the Labour movement.

KARL WALTER.

THE CONTROL OF SWEATING.

ALTHOUGH it is difficult to find a definition of "sweating," the word seems in practice to convey a fairly definite meaning. We mean by "sweating" those conditions of employment which exist when the worker occupies a weak position in bargaining with the employer, and the employer takes full advantage of that position to force the worker to accept rates of pay so low that very long hours of work are required to make up a bare subsistence wage. In the case of home workers, sweating is aggravated by the fact that they have to provide a work-room, to clean, warm, light, and ventilate it—responsibilities which in ordinary factory and workshop industries fall on the employer.

Sweated conditions of employment may exist with or without a middleman; the old idea that a middleman was always a sweater or a sweater always a middleman has nothing in it. Nor is sweated employment the result of singular or inhuman hardness or cruelty on the part of the employer. Of course he *may* be hard and callous, and often is; but in many cases, it has been proved, he is little better off than the workers he employs, and, like them, is merely the passive result of social forces which he did not make and does not understand, but to which he has to adapt himself as well as he can. The real explanation of sweating seems to consist in the existence of a class of unorganized, unassociated workers on the one side, and on the other of a capitalist, or capitalist class, working simply for its own hand. The capitalist need not be immoral; it is quite enough for him to be non-moral.

Since sweating comes from unregulated competition among unorganized workers, it is particularly rampant when a weak class of labour is thrown upon the market. For instance, in the sixteenth century the price of wool went up: English

landowners turned their arable land into pasture, and expropriated the tenants. Numbers of these people adopted weaving and spinning as an industry, and being an unorganized class unused to combination, and in a weak position, they were grievously sweated and underpaid—so much so that Elizabeth's ministers seriously considered a scheme of statutory minimum wages. In the eighteenth century the hand-loom weavers enjoyed a period of great prosperity, simply because they temporarily occupied a strong position. Machinery for spinning had been introduced, which increased the demand for the weavers' skill, and the weavers, it is said, used to earn several pounds a week. Then came the introduction of machinery for weaving; the best and strongest weavers in many cases left their work, and went away to factory work; hand-loom weaving became the resource of weaker and less skilled persons, and women and children were pressed in to supplement the family earnings. At the present day home industries—like chain making, or the more debased and monotonous occupations like match-box making—are the opportunity of the capitalist for the employment of weak and unorganized labour. The wives of dock labourers, unskilled and less skilled labourers, children, girls, and widows, afford a supply of labour which, in Professor Ashley's phrase, is "cheap and docile." These workers have no agreement or understanding among themselves as to what is a fair or living wage. The same holds true whether they work in factories or at home, though the home worker can in one or two ways be exploited more completely than the factory worker. The hours of work are not regulated in homes, and the low rates of pay can be eked out by working very long hours; or the children can be made to help before or after school hours, or an old grandfather or grandmother can be pressed into the service. In these and other ways one poor home worker will try to underbid another, thus continually lowering the general rates of payment. There is no possibility of organizing this class of "cheap and docile labour" as things are now, because the reserve army of hungry women and children ready to work is so great. Capital is organized; labour is not: and the need of the worker to sell his

labour is more urgent than the need of the employer to engage any one particular workman. The bargain struck is the result of the strength of competing forces, and has very little to do with justice or efficiency.

Now in Victoria and New Zealand our fellow citizens of the Empire, profiting by our experience, have passed beyond us in the evolution of industrial control. We, indeed, recognized a century or more ago that child labour could not be left to the free play of economic forces ; but although we have laid it down that children must not work at night, or under evil conditions, because it is bad for the race, we still do not face the fact that it is equally bad for the race that work should be done at starvation wages. Our colonies are more logical. They have boldly regulated wages, and instituted methods for the control of sweating, and, as it would appear, on the whole very successfully. For the success of the system is best gauged by its rapid extension ; the regulation of wages has been extended from one industry to another, and the example of New Zealand and Victoria has been imitated in most of the other states of the Commonwealth. No serious attempt has been made to get rid of regulation and to revert to the old state of affairs.

Quite recently a commissioner, Mr. Aves, has been sent by the Home Office to study the working of the Factory Acts in Australasia, and a select Parliamentary Committee has been appointed to consider the various proposals. The whole question is therefore coming within the range of practical politics, and in no long time we may all be discussing the merits of the different methods that have been adopted.

Wages regulation is of two kinds, viz. the method of Victoria, and the method of New Zealand. The method of New Zealand consists in a system of compulsory arbitration, introduced by Mr. Pember Reeves, Minister for Labour, in 1874, and was very lucidly described by him at the Anti-Sweating Conference last October. One of the objects of the system was the prevention of strikes and lock-outs ; the second was to build up and strengthen the trade unions ; the third was to secure better and more humane conditions for the workers. Mr. Reeves went on to say :—

"The machine is threefold. We work first by industrial agreement between master and man ; secondly, by conciliation boards for the arrangement of disputes ; and, finally, by the Industrial Arbitration Court to settle disputes authoritatively. We encourage arrangements between employers and the workpeople, arrangements which may be registered and so acquire legal force. . . . If you have a compulsory machine in the background to which either party may appeal, they will soon discover potent reasons why they should come to an arrangement themselves. Our second stage is Conciliation Boards. We have in each industrial district a board composed of two employers and two workmen, with an independent chairman ; they have great power, but they do not have the power of making the final binding award. . . . The climax of our system is the Arbitration Court, which is a tribunal of three persons—one elected by the Federation of Workpeople, one by the Federation of Employers, and an independent president. . . . The court's ruling must be and is obeyed . . . there are many cases of individual infringement, but nearly all are petty attempts at evasion. These are dealt with by the magistrates and fines are usually inflicted."¹

Mr. Reeves also pointed out that the system must be based upon unionism, but that this does not imply that it is only useful for rich and powerful unions. Any seven workers can register under the Act and obtain the protection of the court, and in this way the law can be put in motion for the assistance of poor and sweated workers. The well-known hostility of the English trade unions to compulsory arbitration is a great difficulty at present, but Mr. Ben Tillet at the Conference declared in favour of compulsory arbitration, and perhaps others will follow his example. It is remarkable that a commissioner who was sent from Victoria to inquire into the working of the New Zealand Act gave it the preference over all similar institutions. Mr. Reeves points out that we could not transfer the system just as it is to England. The essence of the system is that it is elastic, and we might apply it in one way, while New Zealand applies it in another. He suggests that we should have a schedule of trades, and trade boards instead district boards.

We next turn to the Victorian Wages Boards, which were described at the Conference by the Rev. W. Hoatson, and have

¹ *Report of Anti-Sweating Conference*, p. 71.

been followed in a bill introduced in the House of Commons by Sir Charles Dilke, and more recently by Mr. Henderson. This bill is printed in Mr. Cadbury's book, *Women's Work and Wages in Birmingham*. The principle of wages boards is that they are elective, instead of judicial. The employers and employed elect an equal number of representatives each, and the chairman is an impartial outsider, who may be elected by the board, or appointed by the Government. The advantage of this kind of board is that the members have a practical knowledge of the details of the trade, and there is no doubt that great good has been done in Melbourne, where in the eighties and early nineties a good deal of sweating existed, which the wages boards seem to have stamped out. The disadvantages of this method for English purposes are two: one is the difficulty of devising a suitable machinery for electing the boards in such vast districts as we have in East London, where the workers are largely migratory, and a great many of them are almost too ignorant to understand their privileges, or to fill up their voting papers. Another objection is that the regulation of wages is sectional, and rests with the trade; this is hardly satisfactory, as it is the nation rather than the trade that is interested in stamping out sweating. Wages boards seem, however, to have a better chance of being carried than compulsory arbitration, and it is to be hoped that something will be done to introduce an expert element, and prevent the boards being too closely confined to trade members.

We next turn to sanitary regulation. Here, again, there are two rival schemes in the field. First of all is Mr. Tennant's Amendment Bill, which is supported by many of the same group of persons who wish for the introduction of wages boards—that is to say, the members of the Women's Trade Union League and others. This Bill contains some excellent clauses applicable to factories, with which we are not now concerned. Its main object, however, is the improvement and enforcement of the law relating to the sanitary condition of all places to which work is taken by outworkers. It is proposed to treat all such places as if they were workshops so far as concerns the provisions of the Factory Act and Public Health Acts which relate to sanitation and

inspection. It is also proposed to extend to the giver-out of work the same responsibility for the sanitary condition of these places as is already placed upon the actual occupier or owner under the existing law. This has often been suggested before, and is, of course, very desirable. If the sweating employer effects a saving by giving out work to be done in ill-ventilated and unhealthy rooms, instead of in a workshop which the law would require him to keep in good sanitary order, it does seem a just remedy to make him responsible for the condition of the work-rooms, and compel him to put them in order. The idea is excellent, but the practical difficulties are great. We want to fix the responsibility of industrial conditions on some one, and in factories and workshops "some one" is obviously the employer; but not so obviously for home work. Indirectly, however, the bill, if passed, would probably do good, because it would check the giving out of work to homes; and, after all, the only real solution of the evil is to have more work in factories and workshops, where it can be under proper inspection, and get rid of home work by degrees altogether. The direct abolition of home work is, however, a surgical operation almost too severe to be contemplated.

We come then to the Women's Industrial Council's Home Work Bill, which is on quite different lines, and is modelled on the legislation of Massachusetts and New York. Mr. and Mrs. Ramsay MacDonald are mainly responsible for this bill, and they differ from most of their friends in that they regard regulation of wages as illusory and impracticable under the present competitive system. They favour strict sanitary control, together with the extension of direct employment by the State and municipalities.

The bill proposes a system of licensing by which no employer may give out work in clothing and other scheduled trades to be done in a dwelling-house, unless the worker can show a certificate granted by the factory inspector, stating that "it appears to him on inspection that, having regard to the health of the persons to be employed therein, the premises in question are suitable for the purpose, and, having regard to the character of the work to be done, are properly equipped with means of

ventilation." The certificate must be renewed every six months, and can be revoked at any time if the premises are not kept in a cleanly state or are overcrowded.¹

This bill appeals to experience, and makes a bold, deliberate attempt to cope with a well-known and recognized evil. But here, again, there are practical difficulties. The licensing authority is to be the factory inspector, and this would mean an immense increase of the inspecting staff. This is, no doubt, for other reasons highly desirable. The question is, are we likely to get it, or to get as much as would be necessary ?

The advantages of Mr. Tennant's and Mr. MacDonald's Bills respectively are, indeed, very evenly balanced. The former would necessitate more stimulus to local authorities, a much stronger and more energetic war against corruption and slackness, and a firm policy of levelling up the backward districts to the higher standard already in force in those which are more advanced. The latter means a fresh start and a new system, which may be much more efficient in operation, but will be more difficult to carry through, and will involve a certain amount of displacement of good work already going on. A good deal might also be said for a proposal made several years ago by Mr. Charles Booth and Mrs. Sidney Webb, who suggested that responsibility might be fixed on the landlord as well as the employer. According to this plan, the landlord would have to register the tenement let as a work-place, and the employer would register the outworkers he employs, as he is already bound to do, under the existing law, in a great majority of trades. This double registration would greatly facilitate inspection, and by fixing part of the responsibility on the landlord, would check the letting of insanitary rooms as work-places. The great point, whatever the legislative measure adopted, is to secure effective administration; and the double registration would almost certainly be a great help to the inspector in his arduous and difficult work.

B. L. HUTCHINS.

¹ *Home Industries of Women in London.* Interim Report of an Inquiry by the Investigation Committee of the Women's Industrial Council, by Mrs. Ramsay MacDonald. 1906. P. 35.

PHILOSOPHY AND LIFE.

THERE is one phase of the University question of to-day which is worthy of consideration. *Punch* has shown us the older universities, cap in hand, asking for funds. It is not without advantages to the community of to-day that its appreciation of the better things in life should be put thus directly to the test, since there is no test so severe as that which asks the world to express its emotions in coins of the realm. It will be well, too—and this is by way of an “aside”—if a large number of small contributions should make up the required sum, for only by this means can we be convinced that a considerable section of the community really believes in the university ideal, and really desires an extension of the efficiency of the institutions. But this question is not restricted in purview to the older universities. Just recently there has been an outburst of protest in Liverpool against the grant of municipal funds to the Liverpool—the youngest—University. This protest has been based upon the apparent paucity of results. Only so few persons take degrees, say the writers, and almost all of them are women. Is, therefore, the university of any practical value?

Now, the writers, in urging this, seem to hit the nail on the head; but it is not the particular nail at which their critical hammer is directed. In respect to the life of the people, it cannot be denied that the universities have a lamentably small influence. The Liverpool University is not specially open to attack; on the contrary, in this respect, although a very young institution, it is less open to attack than many of its venerable seniors. But looking at the university influence of England as a whole, it is hardly possible to believe how little the work-a-day life of our time is affected by it. The true work of a university does not seem to be fulfilled by the work of enabling young men and

young women to blossom from the bud of the undergraduate to the flower of the graduate. To begin so-called professional careers by a sound liberal education is a glorious work, but it touches only a small section of the people. The twofold work of higher research and of the wider dissemination of knowledge among the greatest number of human minds is surely the true life of the universities. It is manifestly for the advance of the work of research that the present clamour for funds is directed. No one would wish for it other than a successful issue. It is in respect to the dissemination of knowledge that serious questionings arise. Critics call our universities "close preserves for the classes." That, in the ordinary signification of the words, is a slander. But while "the classes" have not a monopoly of the benefits of university teaching, it is indisputably true that at present the whole tendency of our methods is to regard the university student as a chosen and superior person. He is of an aristocracy, quite as rigid and unbending as the old aristocracy which has tumbled in fragments about us. For the world of hewers of wood and drawers of water there are the three R's, dropped as crumbs from an exalted table. For the world of lower middle-classdom there is the genteel school with its smattering of Latin, its drab utilitarianism, its lack of anything which leads to individual thought and reflection. Thus we act, when we profess the doctrine of democracy. One would expect that if every man is to exercise his power in the government of his country, we should take all possible care that he shall have the means of enlightenment. Democracy should be, not the antithesis, but the extension of aristocracy. Government should still be by "the best"; the difference should be that we ensure that "the best" are not merely more numerous than before, but that they are in a majority. It is the only possible democraticism. The other is demagogueism.

As usual, it would be easy to put the blame on the wrong shoulders. The obvious error is to enter into a tirade against the universities themselves, and to chide them for their reluctance to depart from the older ideas of social prestige as a characteristic of those whom they have had under their influence. It

would be easy, too—and this would not be wide of the mark—to show that the National Reading Union and the Workers' Educational Association are doing the very missionary work in respect to culture which ought to be done by the universities themselves. But we shall do well to look a little further below the surface. Manifestly the university authorities would be quite ready to welcome a large influx of students, if those students were anxious and fit to come, and they would be the more enthusiastic in their welcome if those students came from different social grades. The newer universities, in particular, would be overjoyed if thousands of young men and young women came knocking at their doors in search not of diplomas but of knowledge. The apparent preference for particular social grades is an accident, and an unfortunate one. The poverty of the universities has something to do with it, but the most important element is the fact that students have to come in rather than the universities to go out. Social reform is busy to-day, trying to give toiling masses a few hours of leisure in the twenty-four. When this has been gained, some genius will see the necessity for providing a few years of leisure in the course of a lifetime. Until that day arrives, the universities must needs be satisfied with the handful of young people who arrive at the doors of the colleges. When that day does arrive, the universities will go out more than halfway to meet the students. The situation to-day offers food for serious reflection. An acute observer recently told the world that he had counted seven hundred young men in a city music-hall, each of them smoking a cigarette and drinking, the while that coarse songs were being sung. Those young men may possibly have been interested in the realms of literature and of science. Probably, however, to them the whole world of thought is a far-away sphere in which they are not interested, which does not, indeed, concern them in any way. But these young men have ample leisure. Books are sold in greater thousands than ever—cheap “classics,” as they are called. Carlyle said that books were the modern university, which is about as wise as to say that a row of bottles of medicine can be a physician. The kinship of the music-hall to the sale of thousands of books is

not easy, perhaps, to see, but the fact is undeniable that promiscuous reading, as it is happily termed, is little nearer to culture or education than is the music-hall. Indeed it is arguable that to throw Ruskin and Carlyle and John Stuart Mill before a working-man, and to ask him thereby to be cultured, is a positive danger. Either he becomes a mass of undigested and uncoded information, or he becomes a prig. In but the rarest instances does he learn to think, and that is the purpose of all culture which is worth having. Meanwhile the very word "university" haunts us. For all it is the friend and the guide; for all it is not the repository of knowledge so much as the sifter of knowledge; for all it is the illuminating light which is to fall on the written page.

If we think of the methods of Plato and Socrates it is to blush at our own. When we bring to mind the men of Athens, who "set themselves to supplement the deficiencies of ordinary education and to train men for the requirements of civic life," and compare those men with the sponsors of the academic systems of to-day, it is but to lead to wonder whether the two thousand years have really marked advance. Who cares a straw to-day for the training of men in the requirements of civic life? Aristophanes preferred the older days when men knew less; but the minds of men were alert, and even cobblers yearned to understand. It was the essence of the teaching of Socrates that he took the ordinary life of ordinary men as it was, that he observed the customs and the conventions, that he appeared in the market-place, ready for the passing questioner. That passing questioner flits before our eyes to-day. Where is he? Where is the general interest in eternal things? The bright youth of Greece enjoyed a dialectic which in our time is reserved for the sterner moments of degree examinations. To them it was an intimate and essential portion of ordinary life. To us it is an accomplishment, just as is the embroidery which employs the lady's fingers, and the golf-clubs which engage the hands of the man. And in our day it is about as essential to life as the embroidery and the golf-club. Largely the Plato and the Hegel of our day are occupied in lecturing on the various tenets of the schools, or in marking examination papers, on which a crammed

student attempts to put the philosophy of Kant in a formula. In this preposterous way is philosophy handled in England to-day. Young men and women "take honours," as the saying is. They "get up" a few handbooks, the scrappy histories of philosophy in particular—for we seem to take the utmost care lest our students should by any chance become intimate with the actual teaching of any great thinker. In this way philosophy has come to be a jargon of the lecture-hall and an ordeal of the examination paper. Here and there an academic professor has contrived to keep his heart up amid the deadening surroundings. Here and there he has been able to maintain a precious influence on men's lives; and we must do the class the justice of saying that the men themselves are crushed by the system. For those who do happen to progress in the knowledge of the subject, who do get to the heart of things, book follows book, an endless succession of bewildering polemic, not always free from blunt personalities. But the wide world goes on in scorn of the whole business.

I have chosen philosophy deliberately, because it ought to be the essence of all life; but the same condemnation may be directed to the handling of science and of literature, so far as the people are concerned. Ethics might be and ought to be the science of the conduct of life. Plato interested the cobbler in ethics, but that was because in his hands ethics was of vital and of direct importance to life itself. It was not merely a subject-matter for the exercise of mental ingenuity. Is it any wonder that the cobbler to-day prefers the sporting paper? Is it any wonder that the universities are regarded by thousands of persons as places—sometimes, *mirabile dictu*, as buildings!—where certain fortunate persons spend a few delightful years in jocund mirth, interspersed with occasional studies of something which does not concern the great populace? It is this severance between knowledge and practical life which is at the root of the mischief, just as it is the partial, the so-called elementary teaching given to the toiling millions, which is responsible for the wide misunderstanding as to what constitutes education. "Half done, not begun" is a proverb which applies pre-eminently to education.

Once let it be understood that knowledge, and reflection upon knowledge, are only for those superior persons who have passed through a certain curriculum, and we need not be surprised at the cigarettes and the coarse songs of the majority. We need not be surprised that the universities are cap in hand. We need not be surprised that the usefulness of universities is openly questioned.

The primary need in England to-day is to make clear to all men and to all women that life is only half-lived which is not instinct with philosophy. This does not mean, of course, that every one must be a walking encyclopædia of the details of the history of philosophy. Some of those who have made the greatest impression on the world of philosophic thought have cared but little for all the doctrines enounced by their predecessors. To say that lives should be "instinct with philosophy" is to plead with philosophers to-day to do something to let the world see that outside the cool shades of academic quiet there is need for the enthusiasm of guided and matured reflection. It is a singular irony that the principle of education which we have of late years declared from the housetops is the very principle which we have failed to apply in respect to the actual living of life, the actual relationship of men to men in the smaller associations or in the social state. We expect our electricians to be experts in their science. We expect our joiners to attend technological classes. The London County Council has gone even so far as to attempt to make scientific housewives of our young women. But who troubles about the science of life? Who cares that democracy should be exercising its powers of government practically without enlightenment? It may be that we are timid lest we stir up the mud of religious dissension. In an undenominational day we are growing strangely fearful lest we should have convictions of our own. But surely there is a legitimate realm for a science of life, and surely our universities fail in their central function when "philosophy"—define the word as we may—is simply a theoretical study for experts, a battleground for fierce polemics, a lofty ethereal subject for a minority of minds to touch.

It is said by way of retort that untrained minds are unable

to follow these discussions. Yet the experience of Socrates gives it a complete answer. It gives also an explanation of our difficulty, for Socrates set before him the direct contact between life as men live it, and philosophy as men can arrive at it. We take it altogether too much for granted that the central questions of philosophic discussion require a technical language, and, unfortunately, as the days go on, the language used becomes more and more technical. It is a humiliating thought that some of the best contributions to philosophic thought in England require years of preliminary study before their main purport can be grasped. It was not a cynic who said that the men who questioned Plato would be thunderstruck were they but faced with some of our modern treatises on Plato's philosophy. Similarly, even in the course of one generation, Hegelianism has so developed, so wrapped itself round with phrase and jargon, that the teaching of Hegel is hardly recognizable, if, indeed, it can be understood. One little volume I could wish to mention as a remarkable exception. In prescribing books for working men who have consulted me, I have ventured strongly to recommend Professor Muirhead's *Elements of Ethics*. It is most gratifying to be able to say that the book has been warmly appreciated. I know a number of instances where it has led men to the serious study of philosophy, and, a matter of more importance, to reflection on their own part. If only economics and history could be handled in some such way, we might see a vast increase of real "culture." If the men to whom I have referred could be brought in hundreds to direct teaching such as that indicated by the book which I have mentioned, we should soon realize the possibilities of widening university influence. The fashionable ladies who recently attended lectures on Plato at an aristocratic London hotel were evidences, although possibly they knew it not, of a widespread desire for knowledge of fundamentals. We might have a peripatetic school to-day if only our teachers could be encouraged to leave the old traditional "courses" prescribed by university calendars, and to teach as their hearts dictated—if they could be permitted to realize openly what already they

realize inwardly, the necessity for stamping the impress of the personality of a philosopher upon the characters of those who need philosophy.

Sporadic movements of the university extension and university settlement type may, indeed, be welcomed. They have exercised their influences, and though these influences are not always what their supporters claim them to be, they are on the right side. But what is wanted is not merely that the university should do something which hitherto it has not done, but that it should be something which it is not now, that in fine it should come nearer to the original ideal of a university. Those who are entrusted with that portion of the work which is of the missionary order must learn, first of all, not to despise the less important arts as aids in their work. If university professors, who give lectures to artizans and the like, would but realize the value of a little study of elocution, of the artistic presentation of their knowledge, it would assist them far more than they are likely to believe. It is not that the people will not listen to lectures. It is rather that university lecturers are inclined to bury their faces in notes, and to read in a way which might attract an earnest student, but will never attract the wide public. In Liverpool I have seen an audience of 1300 artizans and dock labourers held by lectures on Browning and Tennyson. There was no particular merit in the lectures themselves. All that could be claimed for them was that the lecturer used no notes, memorized carefully all his matter, recited his selections with the utmost care, and did not scorn the aid of gesture or the grace of genial good-humour. Put briefly, he was manifestly of the opinion that just as the public looks for illustrations to its reading-matter, so it seeks the gratification of the visual sense in its desires for knowledge. I know a number of university professors who are altogether admirable in their methods of appealing to vast audiences. The pity is that the opportunity does not come more frequently, that it is not, indeed, a portion of the university's daily task. But in the main it cannot be admitted that academic professors handle audiences of working-men with tact and discernment. There is too manifestly the

evidence of condescension. The audience is too well aware of frantic efforts to be "simple." The whole method bears too much the impression that an inferior range of tuition is being given to the multitude, while serious efforts are reserved for happier students; it bears too much the impression that the students are in the outer courts merely of university influence. Until we see that the whole of the advance of knowledge, in extension and in intension, is the work of the universities, assisted in a preliminary way by the schools, we have fallen short of the true university ideal.

Sad it is to say that, groping in the darkness, our working-classes are compelled to do so much for themselves. They are buying cheap editions; they are reading here and there, largely without guidance or assistance. The Socialist movement, in the north especially, has given an enormous impetus to the study of economics and philosophy generally. There are weekly papers which contain admirable articles on these subjects, written, of course, in an elementary fashion. These papers have aroused an interest in literature, in economics, in science, and in the real drama, which is astonishingly intelligent. Meantime, but separated from it by a wide gulf, there are the universities, in which lecturers deal with the same subjects to a handful of aspirants for degrees! What possibilities are being missed by our academic narrowness and prejudice!

Unfortunately, it is true that this Socialist movement is developing a separation between people and people. It is emphasizing the claims and the insistent demands of those who have not. Now it is at this point that serious difficulties will arise. Every one will and must admit that the modern ethical theory, which can best be expressed as the realization of the social self, is paramount in the religion and in the philosophy of to-day. It is developing in the very class to which I am referring a spirit, not of brotherhood merely, but of ethical life in terms of brotherhood. But, save in a very few instances, a cleavage divides that class which is under university influence from that class which is apart from it. The latter seeks its own culture, with results necessarily disastrous. The former

has culture given to it by teaching and by atmosphere, permeated with the thought of the centuries. Unfortunately, it has to be admitted of this teaching, that it serves only too frequently to emphasize the separation between the two classes. The socially ascending families send their sons to Oxford—they will make such desirable friends. It is natural, of course, but none the less reprehensible. Meanwhile, the university in the distant city, which might be doing so good a work in the direction of widening fellowship and of deepening the social ideal, is scorned by the very class for which it was established. There is thus a difficulty for which it is not easy to see a remedy.

The remedy must and will come from the ancient corporations. Once the responsibility of guiding the intellectual energies and activities of the nation is really felt at Oxford and Cambridge, once the notion is removed from our minds that "elementary education" is for a certain class, "secondary education" for another, "university education" for another, we shall begin to realize of what enormous value the universities might be in the missionary work which is to enlighten the social advance, which is to make men and women see that increase of wages is not the last word in social development. In short, it is to the older universities that I would look to bridge over the most dangerous of the social chasms of to-day. There need be little fear that if university extension be extended far beyond its present bounds, without the present separation between the "extension" and the university proper, there will be any increase of that wretched spirit whereby the "educated" man always looks for some way of livelihood "more respectable" than that for which he has been trained. Once let it be seen that the universities are teaching the art of life itself, and not creating social pre-eminences, that they are busy in exalting the whole life of the nation and in welding it together, rather than in adding their weighty influences to separating tendencies, there will be a vast development of popular interest in the universities. And that development will be met by a corresponding growth, on the side of the universities, of interest in the life of the people. Out of these two developments it is easy to see

that the result must necessarily be a widening and deepening of university influence.

It is a pity that the old word "affiliation" has gone out of fashion with reference to educational institutions. It may be opportune to protest that affiliation with the newer institutions might be carried much farther than it has been done in the past. Good results might follow in both directions if every workshop, factory, mechanics' institute, and working-men's club were intimately associated with one or another college or university. There need not be geographical boundaries. It would be all for gain if one workshop or mechanics' institute in a town were associated with an Oxford college, another with a Cambridge college, another with one of the newer universities. If it were expected of undergraduates, or even of graduates, that they should spend a portion of their time in close contact with the men, helping them in their reading, learning from them the important facts of sociology which then might be taken at first hand, we might see the beginning of vast changes. This would not entail considerable expense, such, for instance, as the building of settlement houses, and the like. But it would widen the horizon of the universities; it would broaden the minds both of students and of those with whom they come in contact; it would, above all, bring philosophy into closer contact with life.

JOHN GARRETT LEIGH.

THE ELBERFELD SYSTEM OF HELPING AND RELIEVING THE POOR.

THE Elberfeld system has become a generic name for differing systems of poor relief founded upon the Elberfeld model, but undergoing various modifications suggested by practical experience of its working, and the necessity of adapting it to local circumstances and voluntary agencies.

The system had its origin, as its name implies, in Elberfeld, a considerable manufacturing town in the Ruhr Valley in Rhenish Prussia, where it has been at work for about half a century, though the germ of the idea originated long before. The chief founder of the method in its present form was Daniel Von Der Heydt, a leading banker of Elberfeld, and it was suggested to him in reading the advice of Jethro to his son-in-law Moses—

“Thou shalt provide out of all the people able men . . . to be rulers over thousands, rulers over hundreds, rulers over fifties, and rulers over tens.”

The system has since been extended in various forms to Berlin and many other large towns in Germany, and has been introduced into this country ; but with this important difference, that whereas in Germany it has become a legalized municipal system of poor relief, here it is necessarily worked at present upon purely voluntary lines. The experiment is now being tried in the following English towns—Birmingham, Sheffield, Halifax, Bradford, and New Brighton; while in London an association of an analagous character has been formed, called the “East London Association of Friendly Workers.”

The grand feature of the Elberfeld system is that instead of placing the administration of poor relief in the hands of a select few—representatives of the ratepayers, and of paid officials, who

for the most part alone come in contact with the recipients—the work is distributed among the general body of citizens.

The enormous advantages of this plan are apparent almost at first sight. First and foremost, it greatly helps to bridge over the terrible gulf between rich and poor, and class and class, promoting mutual sympathy, goodwill, and brotherliness between them, and thus becomes a powerful instrument of social reform. Each citizen-helper is called an "*Armenpfleger*." "Guardian of the poor" perhaps comes nearest to it, though not in our conventional and official meaning of the term. "Almoner" is perhaps as good a word as any to use instead.

For purposes of poor relief, the city of Elberfeld is divided into thirty-nine districts (*Bezirke*), which are also each subdivided into fourteen circuits (*Kreise*). Each district has a superintendent (*Bezirksvorsteher*), and each circuit an *Armenpfleger*, or almoner, the total number of almoners to a population of 140,000 being 546, independent of the women's auxiliary association. At the head of all these is a body of nine men appointed by the municipal council, and consisting of the president (the mayor for the time being, or his deputy), four members of the council, and four private citizens co-opted by it.

A good idea of the spirit which inspires the system may be gathered from the official instructions—

"The offices of district superintendent and almoner belong to the most important honorary municipal offices, and their worthy discharge requires a large measure of active philanthropy and an earnest sense of justice : a love that will hear the petition of the poor with benevolent heart and with friendliness ; an earnestness that will reject unjustifiable demands, find the right measure of necessary relief by conscientious examination, and take care that the granting of alms does not encourage sloth and irregularity of life."

The service is compulsory upon each citizen (with certain exemptions, of which I shall speak hereafter) for three years, but nearly all volunteer for much longer periods. It is held to be a most honourable duty, and upon a roll of honour hung up in the city chamber are inscribed the names of about a hundred citizens who have served for a quarter of a century or upwards.

In 1905 one of the almoners had been in office for more than thirty years, 81 more than twenty years, and 268 more than ten years. The secret of this commendable clinging to office chiefly lies in the reciprocal affection and esteem springing up between the almoners and the poor committed to their care. "The care of the poor," it has been pithily said, "leads to care for the poor."

A classification of the almoners shows that in their ranks were to be found 243 business men and manufacturers, 169 architects, contractors, and master craftsmen, 150 civil servants, teachers, doctors, lawyers, chemists, and apothecaries, and 9 farmers and landowners. Only twenty-two of them were of no occupation. It is pleasant to be told that there are always more offers of voluntary service than there are posts to be filled. These facts should dispose once for all of the objection that one cannot expect busy men to undertake work of this kind. No doubt, however, there may be peculiar difficulties in the administration of such a system in London, and some other large towns, where rich and poor are often so far apart, and where so large a proportion of those engaged in business reside in remote suburban districts.

In an interesting paper on "The City of Birmingham Aid Society," Mr. R. H. Best says that a friend of his in Berlin, seventy-four years of age, who is chairman of a district committee in that city, assured him that

"of all the public work in which a man could engage, nothing, in his opinion, afforded so much satisfaction, because the fruits of the services one could render to one's fellow-creatures were so visible."

This, in fact, is the universal testimony, practically confirmed as it is by the voluntary extensions of service which are so numerous. The good effect upon the almoners of this close and constant intercourse between them and their poorer brothers and sisters, in quickening and widening their human sympathies, is as noteworthy as the benefits conferred by it upon the recipients themselves. The patient endurance by the poor of suffering and poverty, their touching resignation to their hard lot, the generous help they give to one another—often quite

disproportioned to their scant resources—and their gratitude for helpful service rendered them, are practical lessons of the greatest value. Of course there is a darker side to the picture; but the fact still remains that the Elberfeld system is one of mutual helpfulness to rich and poor. It does away with that aloofness between them, which so greatly hinders the realization of the ideal of Christian brotherhood, and is so lamentable a reproach and peril to our so-called Christian civilization.

Another great merit of the system is that it reduces to a minimum that overlapping in the work of helping the poor, which is so wasteful and so demoralizing to the recipients. This evil of overlapping was forcibly illustrated some time ago in an address by the Bishop of Stepney at a meeting of the East London Association of Friendly Workers among the Poor, to which I have already alluded. Their method of grappling with it is by means of organized co-operation between charitable people of all denominations, upon the sound basis of "need, not creed." The bishop narrated a story of an old woman who constantly attended no fewer than five mothers' meetings, and zealously devoted herself to the task of obtaining tickets entitling her to provisions. At last she died from the effects of over-eating at five consecutive tea meetings. After her death, stores of coal which she had obtained from different charities were found in every corner of her house, grocers' tickets innumerable, five pounds in cash, and a bank-book showing deposits amounting to £50. The woman had been preying nearly all her life upon these charitable resources, apparently because no trouble had been taken by any of the charitable societies to find out what the others were doing. Such scandalous overlapping as this would be quite impossible under the Elberfeld and cognate systems. They also have the good effect of discouraging charity as an instrument for proselytizing—not only the worst, but, as Mr. Charles Booth's book on London proves, the most ineffectual weapon for that purpose.

There are, strange as it may seem, two great classes of citizens intimately and actively concerned in charitable enterprise—women and clergymen—who are deliberately excluded from the

main work of administering the Elberfeld system, though they render most valuable subsidiary help. First, as regards the clergy. In these days the clergy are burdened and often overwhelmed by multifarious duties and monetary anxieties and responsibilities which do not properly pertain to their office, and which ought to be borne by the laity. The order of deacons was first instituted, not as a mere stepping-stone to the priesthood, but for the express purpose of relieving presbyters from the duty of "serving tables" (which included that of ministering relief to the faithful poor), because a complaint had arisen that the widows of Grecian Jews were neglected in the daily ministrations. It has been more than once proposed that a permanent diaconate of the apostolic kind should be revived, and it is possible that such a revival might prove of great utility. We all know how strongly the Bishop of Birmingham has spoken in favour of the secularization of charity. The Birmingham Aid Society, which, as I have already remarked, is modelled largely upon the Elberfeld system, adopts this principle also. In the paper I have referred to, Mr. Best says it must not be imagined that there is less need under the City Aid for charitable work and contributions by the Churches. The Churches are still asked to contribute, and the clergy and Church workers of all denominations are invited to co-operate with the district committees in order that the funds may be administered under a well-organized and efficient system instead of in an unsystematic and haphazard manner.

"Charitable work," says Mr. Best, "connected with places of worship, such as soup kitchens, benevolent and Dorcas societies, ought to continue just as at present, and the City Aid Society would be in a position to specify deserving cases for such charitable work, and thereby greatly relieve ministers of religion, who may at the present time feel that they are overburdened with applications requiring time and energy for their investigation and funds for their relief. It is of this part of their duty that the City Aid proposes to relieve them, and this will give them more time to devote to their special religious work."

As regards the exclusion of women from the main department of the Elberfeld administration, I confess I cannot discover any

real necessity for it, and think it is to be regretted. Why should women, whether exceptions or not, of good judgment and business capacity be thus excluded? Possibly it is because in Germany women are more strictly domesticated than elsewhere. It is objected that the poor would "see in women helpers simply the present district visitor,"¹ and "that the effective working of such a city scheme" needs the service of hard-headed business and professional men. John Stuart Mill, in his *Subjection of Women*, has some remarks which seem pertinent to this question. He says of women—

"For charity many of them are by nature admirably fitted; but to practise it usefully, or even without doing mischief, requires the education, the manifold preparation, the knowledge and the thinking powers of a skilful administrator. . . . There are few of the administrative functions of government for which a person would not be fit, who is fit to bestow charity usefully. In this, as in other cases . . . the duties permitted to women cannot be performed properly without their being trained for duties which, to the great loss of society, are not permitted to them."

Women's sphere and work in this country has been extended since Mill wrote these words, and his argument has therefore much less force. They have, since his time, shown themselves amongst our best and most capable poor-law administrators, and there seems to be no good ground why they should be excluded from an equal share of work in any English adaptation of the Elberfeld system. At Elberfeld itself women have of late years been invited to take a larger part than before in the work of poor relief. At the request of a meeting of district almoners, women, whether married or single,

"may be added to the district committees, though not more than three to a district, and their number does not reduce the statutory number of fourteen men. The lady almoners are not, however, given special rounds, but are permitted to visit anywhere in the district where, in the judgment of the men, female activity is specially appropriate, as in cases of single women, large families, and foster children."

By "foster children" are meant those whom *we* call pauper children. They are also commissioned to visit cases

¹ *Britain's Next Campaign*, p. 58.

"where the influence of a woman on the female household manager is calculated to promote the sense of order and cleanliness, and in particular to exert a moral stimulus."

There is another special and most important duty allotted to women in Germany, namely, organizations for the care of children—illegitimate, orphan, deserted, poverty-stricken, and children of feeble minds or bodies—in fact, all unprotected children. This branch of the work has been carried to a particularly high state of efficiency at Leipzig. Julie Sutter, the author of *Britain's Next Campaign*, tells us that at the time of writing that book Leipzig had about 1,200 orphans living in peasant homes, forming six colonies, each under adequate supervision and the care of foster parents. The children are described as doing far better than ever they did before in orphanages, though only about £6 a year is paid for each child. The plan somewhat resembles the excellent scattered home system which has been adopted by Boards of Guardians at Reading and elsewhere.

Besides clergy and women, there are two or three classes of citizen traders who are precluded from taking part in the administration of the Elberfeld system—such as grocers and other provision dealers, and publicans. The reasons in this case are more obvious.

In this country, organized charitable effort, whether official or voluntary, is far too much concentrated upon relieving the destitute, instead of trying to prevent poor people from becoming destitute. In the German system it is otherwise. At Elberfeld, in close relation to the civic poor relief administration, is a ladies' guild which is "altogether a *preventive* effort: its object is to keep the poor from sinking" into actual destitution. To this end it has succeeded in gathering up the stray efforts of private charity into a well-planned and well-spending organization, the city being divided for this purpose into thirty-six districts.

"With the exception of occasional grants towards clearing off arrears of rent, these ladies never help with money; they help with food, with clothes, and, most important of all, by means of personal

influence, providing work also. Yet they are not district visitors in our sense ; they are civic officers."¹

There can be no doubt that, in addition to its other merits, the German system is an economical one. It is well known that in this country a great part of the money raised for the relief of the poor goes in establishment charges, officers' salaries, and other administrative expenses. Not so in Germany. The system of unpaid citizen workers, and the principle of centralized and unified management, the whole cost being defrayed out of the civic budget, is bound to conduce to economy. Mrs. Sutter tells us that the Elberfeld officials, in one of their latest reports, have worked out a table showing that in a period of forty years this system had saved the city over five million marks, that is about a quarter of a million sterling of our money.²

Mr. W. H. Dawson, in his excellent book on *The German Workman*, points out that we in England fail to apply scientific methods to the solution of the problem. Instead of endeavouring to prevent pauperism, we relieve the poverty of the moment and tacitly encourage the habits which so often induce it.³

"Guardians of the poor exist for the purpose of giving money, and seldom give what is at least of equal importance—their moral influence, advice and help. The Elberfeld system, instead of being purely charitable—and what is easier than to vote public money?—is also disciplinary and educational."

The duty is expressly laid upon those who take part in it of

"investigation into the conditions of the poorer class of the population and the adoption of effectual preventive and remedial measures, or the recommendation of these to the municipal central authority."⁴

Under German methods of government, the imperative "shall" is far more in evidence than the permissive "may," and possesses undoubted advantages in work of this kind. For example, all employers are bound to furnish to the officers and almoners such information as may be required as to the wages paid to and the work done by their workpeople, and so forth, and are liable to

¹ *Britain's Next Campaign*, p. 78.

² *Ibid.*, p. 38.

³ Page 261.

⁴ *The German Workman*, p. 261.

legal penalties should they refuse to give it. This enables the authorities and the almoners to put pressure upon the employers who are lacking in their duty towards their employees, whether by overworking or underpaying them, and also upon the workers who may fail in their duty towards their employers. This minute and all-pervading official supervision would probably not be tolerated in this country; but who can doubt that it greatly contributes to the work of social and industrial progress in Germany? The consensus of testimony that it is impossible to find, even in the poorest quarters of Berlin and other German cities, such degraded, miserably-clad, and half-starved children as abound in London and our great provincial towns, ought a little to disturb our insular self-satisfaction. German superiority in this respect is not due to the general standard of wages being higher there than here; it is due to the fact that the poor are better looked after.

At Elberfeld relief from the public funds is only given where the applicant's existing resources fail to provide the bare necessities of life. For this purpose a "standard of income" is provided, as a minimum for food, clothing, furniture, and shelter. "If this amount be not received, a claim to relief to the extent of the deficiency may be established," with option to the almoners of the district to give less or more—

	s.	d.
The head of the family	3	0
A wife living with her husband	2	6
A child of 14, or over, if wage-earning	3	0
The same if not wage-earning	2	2½
A child of 10 to 14 years	2	0
A child from 5 to 10	1	7
" 1 to 5	1	5
" under 1 year	1	0
Total for a family of eight, as above	16	8½
For a single adult living alone	3	6

"The existence of this weekly income, either at the time of the application for assistance, or as the average of recent weeks, as a rule excludes any claim to relief from the public poor funds." The increase of this relief basis is only permitted when "the most unfavourable conditions conceivable exist, and

the reasons for such departure must be entered fully in the district book."

The basis of relief certainly does not err on the side of generosity. It must be remembered, however, that the standard of living is higher in this country than in Germany. In Berlin, where the cost of living is higher than at Elberfeld, the relief for a single adult varies from twenty to thirty shillings per month, part of it being given in kind, so that the minimum would be about five shillings a week instead of three and sixpence. No stigma of pauperism is attached to this relief. It is regarded as a right. Rather inconsistently, however, with this principle, no citizen is allowed to vote at public elections while in receipt of it.

Under the Elberfeld system the destitute incapacitated have an unconditional claim to relief in so far as others who are liable cannot provide for their need.¹ Poor relief is either outdoor, called "open" (*offene*), or closed (*geschlossene*)—that is, maintenance in public institutions for the poor. Out-door relief is given in money (generally for a week at a time), food, clothing, furniture, medical assistance, or working apparatus (as tools, sewing machines, etc.), while indoor relief is given in some one of the town's institutions for the purpose—the poor house, the orphanage, the home for deserted children, or the shelter for the homeless. There are no workhouses in our sense of the word, and no workhouse test is enforced upon applicants for relief.

The English poor-law system looks far better in theory than it works out in practice. It is one of its principles that nobody should be allowed to starve, but the fact yet remains that hundreds of people are annually starved to death in this Christian land, abounding as it does in wealth which is more than enough for all. For the poor sometimes prefer slow death by starvation to entering the workhouse. There must, it is truly said, be something wrong with our system of poor relief, when it is readily accepted by the undeserving, and absolutely refused by the deserving poor.

¹ *The German Workman*, p. 284.

In Berlin's modified form of the Elberfeld system, persons of bad repute, such as able-bodied vagrants, drunkards, or prostitutes, are sent, after penal conviction, to a penal workhouse. They may also be transferred to it from the casual ward, or from "the city refuge for homeless people," under authority given by themselves, if they sign an agreement on entering, that they consent, under certain conditions of behaviour, to be transferred to the house of correction. They are detained there for not less than six months and not more than two years, and may be discharged at any time if suitable employment can be found for them elsewhere. A small wage is paid to them, and a balance usually accumulates for them at their discharge.

There is also an infirmary under the poor-law board for aged, sick, or infirm persons, who have led more or less disreputable lives. The institution supplies entire board, and medical treatment, and has a library and spacious grounds. The Friedrich Wilhelm Hospital, on the other hand, is exclusively reserved for the respectable poor who require maintenance on account of age and infirmity, or because they are alone in the world. The Berlin municipality is now erecting a large asylum for those who are aged but not infirm, in an extensive park near Berlin. It will accommodate fifteen hundred inmates. There is also a town refuge for homeless people of good repute. Families are accommodated in one part of the building, and single persons in another. All the inmates have to sign an agreement to be sent to the penal workhouse if they apply for admission oftener than five times in three months. This is done to gain control over "work-shy" persons, for the rule is not enforced where able-bodied persons are really trying to find work.

There is also a shelter for homeless people, supported by private charity, where no inmate is required to disclose his name. It accommodates about nine hundred inmates, and its aim is to help men to regain employment, instead of leaving them to be tempted to commit crime. The institution is reported to be admirably managed. Finally there are the labour colonies—a very important feature of the work. The inmates are usually men who have lost their situations through drink, and

come voluntarily as a last resource. The minimum length of stay is three months; the maximum six months. The inmates are employed upon piece-work, and earn from five to thirteen shillings a week, receiving their wages in a lump sum at the end of their term.

To repeat what I have already said in substance, the fault of the English workhouse test is that it requires the indigent poor to forfeit their self-respect as a condition of relief, whereas under the German system the test is enforced only upon the lazy and disreputable. No adequate classification of inmates is possible in our workhouses under the present system. "It is as difficult to separate the vicious from the virtuous in the house as out of it."¹

Again, citizen service is the keynote of the German system. The helpers are in the truest sense guardians of the poor, not guardians of the ratepayers, as too many of our guardians are. Far be it from me to ignore or depreciate the admirable work which has been done even under our present poor-law system, its shortcomings and failures are rather inherent in the system itself than due to those who have had the administration of it. Mr. Best calculates that if the parish of Birmingham were provided with helpers in the same proportion to its population as is the case at Berlin, Birmingham would require about five hundred helpers to do what is now being done by five out-relieving officers and twenty-four guardians. Here in England the guardians obtain their information—in urban unions at any rate—almost entirely at second-hand from the relieving officers, instead of coming in actual contact themselves with the poor they relieve, except in their periodical visits to the workhouse and brief interviews in the boardroom.

Truly has it been said that it is "worse than useless to surround our gifts with such distasteful conditions that no one will ask for charity." Yet, on the other hand, it must be discriminating, if it is not to be productive of more evil than good. As Lord William Gascoyne-Cecil said some time ago in a letter to *The Times*: "It is the want of discrimination in

¹ Best, p. 7.

giving, and not the actual giving that produces those evils which we are wont to include in the word 'pauperization.'" A number of the managers of Berlin charities place their funds at the disposal of the City Aid organization, to be administered at its discretion, particularly for cases where the recipients are especially meritorious, and destitution may be averted by timely help. Often a liberal gift or loan proves the truest economy, and parsimony is really extravagance, because a little help where much is needed, far from helping a little, does not help at all.

I have already referred to the adoption in some parts of England of the citizen service system of helping and relieving the poor. Here, of course, it is still in the experimental stage. But enough has been done to prove the possibility of adapting the system to English needs and methods.¹

The generally adopted plan is that of a central committee and district committees, each having its own officers, and a central fund controlled by the central committee. Both at Birmingham and New Brighton the municipal wards are selected as convenient areas for the district sub-committees. It is pleasant to find that members of all religious denominations join hand-in-hand in the most friendly manner in devotion to the work. In Birmingham there are seven district committees in active operation, each having its sub-committees. Certain streets or groups of houses are allotted to the helpers, who get thoroughly to know the people whom they help. A conspicuous feature of the Birmingham Aid Society, and one which differentiates it from the German system, from other English organizations like the C.O.S., and from the charitable efforts of the clergy and district visitors, is that the majority of its helpers are working men, many of whom are employed in the same factories as the applicants for relief. It is found in practice that these men have an intimate knowledge of the circumstances and needs of their fellow-workmen and their families which is

¹ For information upon this part of the subject, I am indebted to the Rev. J. R. Brooke, of Birmingham, organizing secretary of the Christian Social Union, and to Mr. C. D. Chambers, of the teaching staff of Birmingham University, who is actively engaged in the movement.

by no means easily accessible to workers belonging to a different social grade, and that they are better qualified to give profitable advice and counsel, where it may be needed. In Bradford the Guild directs the activities of charitable agencies, but gives no direct pecuniary assistance itself in the work of charitable distribution.

While fully recognizing that German bureaucratic methods are not likely to find favour in this country, I would submit that the Christian Social Union is not ill adapted to promote the application of the Elberfeld system to our own needs, with such modifications as shall make it, at any rate at first, a purely voluntary organization, and shall accommodate it to the national character and traditions.

FRED B. MASON.

THE STATE AND THE CHILDREN.

THE reverence for individual liberty, and for the right of a man to do what he likes with his own, was part of the heritage that the eighteenth century left its successor, and many salutary reforms can certainly be traced to this spirit. As embodied in nineteenth-century individualism, however, it was carried to extremes, with the natural result that a reaction has set in. The State has already found it advisable to impose certain restrictions on the rights of private property, the right of contract, and the hours of labour; now it is contemplating an extension of its powers with regard to the care of children. The parent's right, once deemed inviolable, now hardly counts as an argument, and the ground of the discussion has shifted to quite another point, namely, the cost. Free education and free meals, with their logical sequel, free clothing, certainly do not appeal to the already heavily burdened ratepayer. The man who finds it a hard struggle to feed his own children does not welcome with enthusiasm the prospect of keeping the children of the improvident and dissolute—in order, as it seems to him, that the latter may have more to spend in the public-house.

This feeling, it must be admitted at the outset, is perfectly legitimate and reasonable, and in no social projects can it be fairly ignored. It may, however, be questioned whether the industrious section of the community is not, even at present, saddled with a very heavy burden, with the added consciousness that very little good is being accomplished. The cost of poor relief and charity taken together is already enormous, and yet the social evils appear as threatening as ever. The fact is that even to-day the idle and profligate classes manage to get themselves and their families provided for in one way or another. In comparison with the amount of destitution in our large

cities, the number of deaths from actual want is small. Most of the children are fed after a fashion, and perhaps bad food is a greater evil than positive hunger. The full burden is already on the shoulders of the community. The criminals are maintained in gaols, under a system that is neither reformatory nor deterrent. The aged poor and the feeble are housed in workhouses; while those who prefer an idle and free life contrive to live at the expense of the charitable, or on funds intended for the unemployed. And all the time we are conscious that no permanent effect is produced; a new generation of paupers and idlers is allowed to grow up, ready to take the place of the old, when the latter disappears, whilst all endeavours to grapple with the problems of poverty are as the labours of Sisyphus.

Now, attempts to stop the manufacture of submerged classes are successfully opposed on the score of cost; but it might prove greater economy in the long run to undertake the entire support of many of the poorer children, and to place them in the way of becoming useful and self-supporting citizens. At present we prefer to use them as a means of putting pressure upon the parents, with a view to maintaining the responsibility of the latter. Even from the purely pecuniary point of view, this is doubtful economy; for though at the time some saving is effected in public expenditure, such neglected children ultimately exact heavy damages from society in the cost of maintaining gaols, police, workhouses, hospitals, and asylums. Every year vast numbers of children, stunted in body and undisciplined in mind, are turned out to earn their living on the streets, either as errand boys or in some other form of unskilled labour. These eventually go to swell the multitude of casual labourers, unemployables, and semi-criminals, who are the despair of all social reformers. Instead of supporting its citizens for a few years at the beginning of their life, and thus giving them a fair start in some occupation, society at present fancies it more economical to maintain them in their manhood and old age. For it is unquestionable that in one way or another they are maintained, and that without giving society any real equivalent in the shape of useful labour.

The favourite objection to such measures as the feeding of school children takes the form of a *reductio ad absurdum*. It is urged that this would eventually lead to the State taking upon itself the complete responsibility for the children of defaulting parents, and it is imagined that such an objection is conclusive. But what is the paradox of one generation is often the commonplace of the next. That such a method would be more humane no one will question. That it would be actually cheaper perhaps time will make equally plain.

The real danger lies in accepting responsibility for the children before we have adequate machinery for enforcing upon the adults responsibility for themselves. Attempts to work social schemes within a limited field, while confusion and chaos reign everywhere else, are likely to end in failure. The feeding of school children will have a better chance of success when an improved and more elastic Poor Law is introduced, and labour colonies instituted for the unemployable. Meanwhile all measures directed at social amelioration that can be turned to the advantage of idlers are calculated to do more harm than good; but as soon as we have sufficiently drastic means of dealing with those social pests, the State may without serious danger recognize its obligation to the children.

Even if social reforms involving the public maintenance of a large part of the children could be purchased only at the expense of parental responsibility, it may in course of time be found desirable to make that sacrifice. Should the repudiation of responsibility on the part of the parent take the form of restricting the size of the family, as is rapidly becoming the case among the well-off classes in every civilized country, public opinion may possibly veer round to the view that the rearing and training of the younger members of society should fall not on individuals but on the State. This plan is already advocated by some writers under the very attractive name of "endowment of motherhood." As things appear to us at present, it is unfair that A., the frugal and provident bachelor, who has avoided marriage because he felt unable to fulfil properly the responsibilities of a parent, should have to contribute to the maintenance

of B's children, B. having, perhaps, married recklessly, and been an undutiful father. The farm labourer who is sufficiently courageous and sufficiently stupid to attempt the rearing of ten children on a wage of twelve and sixpence a week, is regarded as an enemy to society, and as things are at present constituted, he really is such. Marriage and the possession of a family have come to be luxuries to which only the prosperous man is supposed to have a claim; and that the poor man who aspires to this bliss should be penalized accordingly is as much in the nature of things as that public opinion should not tolerate a cobbler's pretension to keep a pack of foxhounds and make his neighbours pay for it. On the other hand, to those who come after us, and have the spectre of "race suicide" ever before their eyes, it may appear an intolerable injustice that A. should be allowed to spend his income entirely on his own gratification, while B. has the whole care and labour of supporting those who are one day to form the new generation of citizens, and to keep the State in existence. It will, perhaps, seem no less unreasonable that the task of maintaining the roads and sewers should be left to those who are willing to undertake it of their own choice and at their own expense.

Between these two phases of thought there is an intermediate opinion, justifiable even under present conditions, that the parent who is willing to accept such responsibility should receive a certain meed of encouragement and support from the State, so long as the youthful citizens he provides are of a desirable type, and likely to prove useful members of society.

Even in the case of those parents who have no sense of duty to their offspring, or to the community, it must be recognized that once the child is brought into the world, the main mischief is done; and that the best thing the State can do for its own protection, and apart altogether from philanthropic considerations, is to adopt the child and accept full responsibility, even though it is found impossible to take retaliatory measures against the father. In return for the money expended it will have at least the prospect of possessing later on a respectable citizen—a worker, a taxpayer. If it prefers to save the money, and let the child take its chance, it has the prospect of producing a chronic

loafer, possibly a criminal, who in one way or another has to be supported by the community all through his life, and who will leave behind him a more or less numerous progeny to preserve and carry on the family traditions.

To-day, moreover, there is a strong feeling that the children should not be used as the lever by which pressure is brought to bear on the parent; and this feeling is strengthened by the consciousness that efforts along this line are ineffective. At present the jungle of charities, and an antiquated Poor Law, make it easy for a man to divest himself of all obligations that he finds the least irksome. On the other hand, a system which secured the welfare of the children would make it possible to bring home to such a man, sharply and relentlessly, what are the primary duties of citizenship, with clear knowledge that the full force of the penalty would fall on them and not on his children.

One must, of course, admit the full force of the objection that, although the present system does not reform the neglectful parent, the proposed system would tend to demoralize those who at present do their duty. That such would be the effect under our existing Poor Law administration admits of little doubt; for little or no attempt is made to discriminate between the deserving and the undeserving poor, or between the different causes of poverty. But careful and thorough methods, such as the Germans are trying to work out in some of their large towns—methods which individualize the cases, and can be adapted to varying circumstances—would go far to minimize this danger, and would probably afford a guarantee that so-called “social work” should produce a permanent benefit, instead of serving as yet another demoralizing agency. Under a properly organized system there should be no room for charities, and no room for the idler and drunkard who is responsible for so much expense. We should have no “deserving poor,” whose very existence, as implied in the name, is a mockery of civilization; and the “undeserving poor” left to themselves, and confronted with the choice of working or starving, would stand a much better chance of reformation.

W. M. LIGHTBODY.

TWO ECONOMIC NOTES.

I. THE TAXATION OF MOTOR-CARS.—Mr. Asquith's second Budget caused a good deal of disappointment, not only to ordinary taxpayers, who had been led to expect a substantial lightening of their burdens, but also to serious economists, who desired those burdens to be more fairly distributed, and to social reformers, who required funds for their own proposals. It is clear, therefore, that the Chancellor of the Exchequer must discover fresh sources of revenue, or obtain an increased yield from old sources—perhaps both. Among the latter class of sources I wish to emphasize the taxation of motor-cars. In the hands of the wealthy, motor-cars are, without doubt, the greatest modern luxury: used chiefly for purposes of amusement, the car has been happily defined as “a device to enable the rich idler to save time.” Under present conditions, at any rate, it contributes to “the greatest misery of the greatest number” among other users of and dwellers near the highway, causing great damage to the surface of roads, and injury to roadside houses, gardens, and fields. Motor-cars, therefore, should certainly pay a great deal more towards rates or taxes than they do now.

At present a motor-car weighing less than one ton merely pays the ordinary carriage duty of two guineas. If it weighs more than one ton it pays four guineas, and if more than two tons five guineas. Motor-cycles (two or three wheels) pay 15*s.*, and motor-cabs £2 17*s.*

We can obtain some guidance in our search for a better system by examining the practice of foreign countries. France, Italy, and Germany provide the most instructive precedents. In France a motor-car owner pays a yearly tax to the local authority of the town in which he lives, the amount varying from £2 in a small town to £3 12*s.* in Paris, with an additional tax of 4*s.* for every horse-power. In Italy there is a rather complicated scale depending upon horse-power. Motor-cycles pay 19*s.* if under, and £1 8*s.* if over, 4 horse-power.

						<i>£</i>	<i>s.</i>	<i>d.</i>
Private motor-cars up to 6 H.P. pay ..	..	..	..	..	..	2	16	0
“ “ 12 “ ..	..	..	..	..	..	4	0	0
“ “ 16 “ ..	..	..	..	..	..	4	16	0
“ “ 24 “ ..	..	..	..	..	..	6	0	0
“ “ above 24 “ ..	..	..	..	..	£5	0	0	

2*s.* 6*d.* for each additional H.P.

				£	s.	d.
Public service motor vehicles with 4 seats	..	..	..	1	8	0
" " " 10 "	..	..	..	2	8	0
" " " over 10 "	..	..	..	4	0	0
" " merely trailers	..	..	..	2	0	0

Trade vehicles pay according to horse-power at half the scale for private motor-cars.

In Germany the taxation, as given in the Report of the Royal Commission on Motor-cars, is based entirely upon horse-power, and increases sharply as the horse-power grows.

				£	s.	d.
Motor-cycles	..	..	..	0	10	0
Motor-cars under 6 H.P.	..	..	..	1	5	0 + 2s. for each H.P.
" from 6 to 10 H.P.	..	..	..	2	10	0 + 3s. "
" " 10 to 25 "	..	..	..	5	0	0 + 5s. "
" over 25 H.P.	..	..	..	7	10	0 + 10s. "

The German method certainly appears the most equitable in the abstract, by making the rich man, who spends several hundred pounds a year on motoring, pay heavily; and also the most profitable for the exchequer.

If we compare the taxation levied in France, Italy, and Germany upon cars of 9, 14, 28, and 40 horse-power respectively, we arrive at the following result:—

			France (Paris).	Italy.	Germany.
			£ s. d.	£ s. d.	£ s. d.
9 H.P.	..	..	5 8 0	4 0 0	3 17 0
14 H.P.	..	..	6 8 0	4 16 0	8 10 0
28 H.P.	..	..	8 1 0	6 10 0	21 10 0
40 H.P.	..	..	11 12 0	8 0 0	27 10 0

This table shows conclusively the superior merits of the German scale, which comes much nearer to an *ad valorem* tax than either of the others. It will be seen that each system adopts the horse-power standard. But in Belgium, as in England, taxation depends upon weight, a car weighing less than half a ton paying £2, one weighing less than one ton £3, and cars exceeding one ton £4.

Horse-power, in theory, provides the best basis of taxation, but in practice it has been found difficult to ascertain the exact power of a petrol engine. Weight, of course, presents no practical difficulties; but otherwise it forms a less fair basis. Probably the best method is to combine both bases, making taxation moderate for the small car, which is slow, light, raises little dust, and does very slight damage to roads. I therefore suggest the following scale: Motor-cars weighing less than half a ton should be treated merely as carriages, paying the

ordinary fee of £2 2s. On cars weighing more than 10 cwt. there should be an additional charge of half a guinea for each hundred-weight beyond ten. Then, in addition to these charges by weight, a further payment should be made of one guinea for each 4 horse-power beyond 10. Under such a combined scale, and assuming that our four cars weigh 12, 16, 20, and 30 cwts., we find that they will be taxed thus :—

		£	s.	d.			£	s.	d.
9 H.P. ..	..	3	3	0	14 H.P. ..	..	6	6	0
28 H.P. ..	..	11	11	0	40 H.P. ..	..	19	19	0

Motor-cabs might pay half these charges, and motor-omnibuses, or other motor vehicles limited to twelve miles an hour, might pay one-third or one-quarter. Tramways, which are now both in law and in fact "light railways," should contribute to local revenues at a rate based on carrying capacity, say one shilling per passenger.

What revenue these increased charges on cabs, trams, and omnibuses would yield it is difficult to estimate, and the proceeds ought to be paid, as they are now, to local authorities as a contribution in reduction of rates, though Mr. Asquith has announced that he will appropriate all increases in licence duties for the Exchequer. But if we leave "public service vehicles" out of our estimate, and reckon that the 60,000 private motor-cars now in existence will pay, on the average, an additional tax of eight guineas, we shall find that Mr. Asquith will have at his disposal half a million pounds a year, levied on a rich man's luxury, which he may devote either to a reduction of indirect taxation or to some much-needed social reform, such as the provision of small holdings.

II. THE COST OF OLD AGE PENSIONS.—Now that the Prime Minister and the Chancellor of the Exchequer have given a pledge to make a beginning with old age pensions, it becomes extremely important to discover accurately how much a national system of pensions would cost. An answer to this inquiry, or at least the materials for an answer, are provided by a small blue-book of fifty pages,¹ recently published by the Local Government Board. The preliminary memorandum begins with a survey of the reports made by various commissions and committees upon this question, and then works out the cost of pensions under the proposal adopted by Mr. Chaplin's Committee in 1899. These are followed by numerous tables relating to population,

¹ *Old Age Pensions. Tables, etc., with a Preliminary Memorandum.* Cd. 3618. 54d.

persons now receiving pensions, pauperism, membership of friendly societies and trade unions, and many other details which require statistics. Of the reports, that of the Royal Commission on the Aged Poor (1898-5) decided that, "in view of the financial and economic difficulties involved," it was "unable to recommend the adoption of any of the schemes as yet suggested." Lord Rothschild's Committee on Old Age Pensions (1896-8) also reported that they could find no proposal which was free from "grave inherent disadvantages." It was left, therefore, for Mr. Chaplin's Committee to cast aside all these counsels of caution, and to propound a scheme giving pensions to all persons of 65 years and over who could satisfy certain conditions, the weekly sum being "not less than 5*s.* or more than 7*s.*, according to the cost of living in the locality."

With such a scheme the cost of pensions is estimated at 10½ millions for 1907, a sum which would gradually rise to nearly 15 millions in 1921. An old age pension of 6*s.* a week for all deserving persons over 65 for 11 millions a year must, indeed, seem cheap, and economists or social reformers, who have hitherto reckoned on an expenditure of 25 millions, may well ask how this figure is obtained. And when we come to examine the "conditions" laid down by Mr. Chaplin, we find that his proposal is not one for giving old age pensions, but for refusing them. Four classes are excluded under his scheme: (1) persons with an income of more than 10*s.* a week; (2) persons who have received poor relief within the last 20 years; (3) persons who cannot pass a "thrift" test; and (4) aliens, criminals, and lunatics. Out of every 100 persons over 65 years of age, these four conditions exclude 37, 25, 4, and 2, respectively, leaving only 32 eligible for pensions. It must be at once clear that the whole scheme, and the estimates of cost under it, depend upon its exclusions. If these conditions are impracticable, unfair, or in any way undesirable, the whole scheme and the figures based on it fall to the ground. Let us, then, examine them separately, reversing the order for the sake of convenience.

Lunatics are already maintained by the State, so that it does not matter whether a small part of the cost of maintaining them is called a pension or not; criminals prey on society in any case; and aliens are too few to be considered; so Class 4 becomes unimportant. What a "thrift" test may be, Mr. Chaplin and the blue-book wisely leave rather vague, and it would certainly prove exceedingly difficult and invidious in practice; moreover, people who could not pass it would probably be in the workhouse before 65. So Class 3 disappears. The next class, comprising one quarter of the population over 65, is more

important. Mr. Sidney Webb, in an able and exhaustive article in the *Albany Review* for August, argues, and, as I think, proves that the exclusion of persons who have received poor relief is undesirable in theory, and in many cases quite impossible in practice, besides being often merely a question of whether the cost of maintaining a pauper shall fall on the ratepayer or on the taxpayer. Thus Class 2, with its 25 persons, also disappears, and our 32 persons have now grown to 63. What, then, of Class 1, the largest of all? It must be clear at the first glance that a hard-and-fast line, drawn so low as 10s. a week, is quite out of the question. Such a condition would lead to various evasions, perjury, concealment and transfer of income, as well as much heart-burning. Moreover, the proposal is not only unjust, but ridiculous. We should have the absurd spectacle of A., who has invested £800 in 3 per cents., having his income raised from 9s. 6d. to 14s. 6d. by the State, while his slightly more thrifty neighbour, B., who has saved £900, is left with 10s. 6d.; or possibly, having saved only £400, has purchased an annuity of £27, and so finds himself above the pension limit. Or the mere difference in the kind of investment, e.g. between 3 per cent. Government stocks and 3½ per cent. municipal loans, would rule out the holder of £800 in the second, while giving a pension to the holder of £800 in the first. This limit, then, must certainly be abandoned, and the number excluded by Class 1 falls considerably, probably to 20. A sliding scale, perhaps, might be devised, by which sixpence would be deducted for each shilling of income beyond 10s., but even this would mean such immense labour and investigation, that a fairly high limit such as 25s. might prove preferable. So the income limit, in practice, seems likely to work out at one depending upon the willingness of the aged person to apply personally at the post-office for a pension.

Practically, therefore, no system of old age pensions appears possible except one which provides for all persons over a given age, except those who already possess a substantial income; and this will probably mean about 80 per cent. What, then, will pensions cost on this basis? We may dismiss at once all idea of a pension varying from 5s. to 7s. "according to the cost of living in the locality," as such a scheme would have the wholly undesirable effect of driving old people from the country districts, where living is cheap, and pensions would be paid on the lower scale, into big towns, where a high cost of living would raise the pension level to 7s. The difficulty of deciding what sum should be paid in each locality is in itself an insuperable obstacle.

So we are forced back on the simple plan of a uniform 5s. a week given to all poor persons at the age of 65 or 70. What would this

cost? Here, at last, the blue-book comes to our assistance, but only by giving estimates of population, which are 2,116,267 over 65, and 1,254,268 over 70. From these figures we may deduct 20 per cent. for non-poor persons, and the result gives 22 millions as the cost at 65 years, and 13 millions at 70. It is often assumed, by the advocates of a universal pension scheme, that a large saving in poor-law relief can be set against the cost of pensions. On this point the blue-book is emphatic and discouraging, declaring that "the cost of indoor relief would be practically unaffected by the operation of a pension scheme." Inquiries made by the Committee on the Aged Pensioners Bill (1903) showed that "only 14 per cent. of the total number of inmates over 65 years of age could live outside the workhouse with relatives having suitable accommodation for them, and only 10 per cent. were willing to do so." And although these figures might increase after pensions had been in operation some time (one of the best arguments for the proposal), there could be little saving on officials and maintenance of buildings. "It may be assumed, therefore, that the only appreciable saving in poor-law expenditure would be in that portion which relates to out-door relief." About £1,858,000 is estimated as the amount now paid to persons of 65 and over, and this, with a deduction for medical relief and an addition for administration, is all that would be saved by a universal scheme, while Mr. Chaplin's limited proposal would mean no saving at all for several years. The blue-book gives a great deal of interesting information about naval, military, and civil service pensions, and also about the old age allowances granted by trade unions and friendly societies. All these, of course, would be closely affected by a scheme of State pensions, and their existence presents a serious problem. Is the discharged soldier with, say, a shilling a day, to have his income suddenly raised from seven to twelve shillings a week on his 65th birthday? If he does, taxpayers will fancy that they are paying his pension twice over; if not, he will be in a worse position than the workman who has bought an annuity of 7s. a week. Or, if it be argued that both employers and employed will take State pensions into their calculations, opponents may reply that pensions will become a grant to employers in aid of wages or of deferred pay. A further problem is presented by wage-earners over 65 or 70. Are they to receive pensions while earning wages? If so there is a danger of interfering with the labour market, as pensions may act as a "grant in aid of wages." If not, idleness gains a premium, and the worker is fined for working.

In any case, then, it is now clear that a Chancellor of the Exchequer, who means to deal honestly with old age pensions, must provide 5s. a

week for 80 per cent. of the population above the age limit. If that limit be 65, the amount he must raise is 20 millions ; if 70, the amount is 12 millions. So vast a sum as 20, or even 12 millions, cannot be obtained by increased taxation, except under the temporary strain of war, unless the whole basis of our fiscal system is altered. Mr. Asquith, it is true, has a small nucleus, and intends to lay hands on the increases which he will obtain from heavier licence duties on motor-cars, public-houses, and clubs ; but all these sources can hardly provide more than 6 millions. So there remain 6 or 14 millions to be obtained by increased direct taxation, or by economies in the army and navy, and it is here—in a bold reduction of the “burden of armaments”—that funds for old age pensions can alone be found.

It may well prove, as Mr. Fleming suggests in the *Economic Review* for July, that better methods of dealing with poverty may be found. Taxes on the “breakfast-table” now reach 14 millions a year, and are mostly paid by the poorer classes, so that we should really make them pay for their pensions, since these taxes cannot be removed if universal pensions are established. The experience of Germany, too, shows that there are alternative methods of meeting the sad conjunction of old age, poverty, and ill health. More than half a million pensions are now paid, over two-thirds of them being classed as “infirmity,” not as old age pensions. The fact that a system works well in Germany, where the State is organized and regulated by the bureaucracy to an extent which Englishmen could not tolerate, is no proof that it could be transplanted to our own country. But its success at least suggests that greater attention ought to be given to contributory State-assisted schemes such as that recently propounded by Lord Avebury and Edward Brabrook.

J. E. ALLEN.

THE ECONOMIC POSITION.

I. THE MONETARY STRINGENCY (*continued from page 330*).

June 23, 1907.—London *Times* announces that “facilities of the usual kind have been given by the Bank of England for the shipment of £220,000 in gold from New York to London.” (This casually worded note would give the impression that it is the habit of the Bank of England to pay interest on gold during transit. So far is this from being the case, that such a step would tend to change fundamentally the whole character of the Bank’s traditions. So grave a departure in policy could scarcely be justified except under conditions far more serious than those which at present obtain, and the note in the *Times* is therefore not very comprehensible.)

British Chancellor announces postponement of proposed Transvaal loan.

June 24.—Action of Bank of England arouses considerable discussion in New York. Negotiations for further transactions of the kind reported to be “at present in abeyance.”

June 25.—London *Times* announces that “we understand that for the present no more ‘facilities’ will be granted by the Bank of England for operations of the kind, and that the negotiations . . . referred to yesterday are at an end.” (This is altogether a curious little episode, and illustrates very aptly the essential difference between the Bank of England and similar institutions in other countries.)—London clearing-house bankers meet to agree as to the figure to which consols are to be written down in the half-yearly balance-sheets, but no decision is arrived at. (Some banks decided to write down their holdings of consols to 83, others to accumulate a special “reserve” fund to cover the depreciation of gilt-edged securities.)—Austro-Hungarian Bank raise rate of discount from $4\frac{1}{2}$ per cent. to 5 per cent.

June 28.—Issue of New York City 4 per cent. bonds fails, only \$2,500,000 out of \$29,000,000 being bid.—New York Associated banks surplus reduced to \$2,515,000, which is the low record for this date, with the exception of 1893.

July 2.—U.S. Treasury begins redemption of 4 per cent. bonds. (This is a relief to the strained American market.)

July 5.—British Chancellor at Mansion House refers to question of

British banking reserves, and states that "he should not lose sight of the matter, as he regarded it as most vital in the interests of British credit, and of the banking system of the country."

August 7.—Renewed panic on New York Stock Exchange, and prices fell lower than in the March panic (p. 208).

August 8.—British $2\frac{1}{2}$ per cent. consols establish new low record of $81\frac{1}{2}$.

August 15.—Bank of England rate raised to $4\frac{1}{2}$ per cent. (This action is precautionary in character, in view of the large number of high-class American finance bills being offered in London at high rates at the present time.)—New York exchange rises to 4·8775.

August 16.—New York exchange rises to 4·8790.

August 21.—New York exchange rises to 4·8840. (At this figure gold exports to London are profitable.)

August 26.—American Secretary of Treasury announces that he will deposit approximately \$5,000,000 of public money weekly for a period of several weeks in the American depository banks, the deposits to be returned after January 1, 1908. The exact amount of the deposits, and the places where the deposits will be made, is purposely not stated, as it is desired to avoid the encouragement of speculation. The American Secretary in his official statement observes that "this action is taken in order to meet the commercial and industrial needs of the country this season, and it is believed to be preferable to waiting until a time of acute stringency, when the only alternative would be a large general deposit." (This illustrates very clearly the awkwardness of the American system.¹ Table III. on p. 450 shows that the Federal income is largely exceeding the Federal expenditure. The problem is how to restore to trade the money thus taken from it. If it be used in Debt Redemption, the already inconveniently small amount of the national securities on which the whole American banking system is based will be still further diminished. Therefore this system of deposit is resorted to, and in the absence of a central "Bank of America," the money has to be distributed among the various joint-stock or "National" banks, with such precautions as are indicated by the present action.)

August 27.—New York exchange falls to 4·8725. (This fall is probably the outcome of the American Secretary's announcement.)

August 31.—British trade returns show that stock of gold in the United Kingdom has increased by £9,634,870 during eight months ending August 31, 1907. (The constant increase of this gold stock

¹ The American Treasury system and its defects are very clearly set forth in a masterly article by Professor A. P. Andrew of Harvard University, published in the *American Quarterly Journal of Economics* for August, 1907, under the title of "The Treasury and the Banks under Secretary Shaw."

is a very satisfactory feature of the situation.) New York exchange falls to 4.8675.

September 1.—(*British Bankers' Magazine* reports that in August, 1907, the value of 387 representative securities on the London Stock Exchange has fallen by £135,587,000. The total shrinkage since January 1, 1907, has been £345,000,000, made up as follows :—

I. FALL IN VALUE OF REPRESENTATIVE SECURITIES ON LONDON STOCK EXCHANGE.
(8 months, to August 31, 1907.)

	Total fall, £
American railroad securities	111,000,000
British funds	48,000,000
English railway ordinary stock	36,000,000
Miscellaneous stock	150,000,000
Total	£345,000,000

("A valuation of Stock Exchange securities at the present time can only be likened to a survey of a district which has been afflicted by some devastating calamity, compared with which . . . the actual cost of the African war seems to be a trifling affair."—*Bankers' Magazine*, September, 1907.)

September 10.—New York City raise rate of interest on their bonds from 4 per cent. to $4\frac{1}{2}$ per cent., and an issue of \$40,000,000 at this rate is largely over-subscribed.

September 11.—Bank of England reports gold reserve to stand at £27,995,000 or £3,233,000 more than at the similar date of 1906. (This is a very satisfactory position, though there is room for further strengthening.)

TREASURY RETURNS.—(i.) *British.*—The conservative character of the estimates for 1907–8 is exemplified by the figures to September 7, 1907, which bear testimony to the sound condition of the National Exchequer. The receipts for the total financial year 1907–8 are estimated to fall below those of 1906–7 by £2,024,000. Actually to September 7th they exceed those of 1906–7 by £392,992. On the other hand, the expenditure, estimated for the total financial year at £3,042,000 more, is actually on September 7, 1907, £829,523 less. It is clear from these figures that the estimated surplus of £333,000 for the total financial year 1907–8 will be largely exceeded.

The improving financial position is exemplified from the following comparison. At the end of August the Treasury expenditures usually exceed the receipts, chiefly owing to the bulk of the income tax not being received by the Treasury until towards the end of the financial

year, while the expenditure on the army and navy is fairly constant throughout the year. Consequently at the end of August there is usually an overdraft. The following comparison shows how the overdraft, in respect of current receipts and expenditure, is diminishing year by year :—

II. BRITISH TREASURY—EXCESS OF CURRENT EXPENDITURE OVER CURRENT RECEIPTS.

						£
September 3, 1904	..	..	..	..	..	9,311,846
" 2, 1905	..	..	..	..	..	5,247,223
" 8, 1906	..	..	..	..	..	2,133,202
" 7, 1907	..	..	..	..	..	910,757

(ii.) *American*.—The American financial year closed on June 30, 1907, with a surplus of approximately \$86,945,542. This is a great change from recent years, the comparative figures being as follows :—

III. AMERICAN TREASURY—BALANCES.

						Dollars.
June 30, 1904 (deficit)	..	..	..	..	..	- 41,771,000 ¹
" 1905 "	..	..	..	..	..	- 23,004,000
" 1906 (surplus)	..	..	..	..	..	+ 25,669,322
" 1907 "	..	..	..	..	..	+ 86,945,542

It will be interesting to analyze the difference. The Federal expenditures have not diminished. They are, indeed, among the largest in the history of the United States, having only been exceeded during the three years of the civil war, and in 1899 and 1904.

IV. AMERICAN TREASURY—FEDERAL EXPENDITURE.

						Dollars.
1903-4 ..	..	..	..	..	..	582,402,000 ¹
1904-5 ..	..	..	..	..	..	567,279,000
1905-6 ..	..	..	..	..	..	568,785,000
1906-7 ..	..	..	..	..	..	578,361,000

The difference is due rather to the increase in the Federal income, the increase during 1906-7 being, roughly, \$70,000,000 beyond that of 1905-6. The total receipts, indeed, are larger than in any previous year in the history of the United States.

V. AMERICAN TREASURY—FEDERAL INCOME.

						Dollars.
1903-4 ..	..	..	..	..	..	540,632,000
1904-5 ..	..	..	..	..	..	544,275,000
1905-6 ..	..	..	..	..	..	594,454,000
1906-7 ..	..	..	..	..	..	665,306,134

Of this increase of \$70,000,000, no less than \$33,000,000 has come from customs, the remainder being from internal revenue.

¹ Including \$40,000,000 paid for site of Panama Canal.

VI. AMERICAN CUSTOMS RECEIPTS.

	Dollars.
1903-4	261,274,000
1904-5	261,799,000
1905-6	300,252,000
1906-7	333,230,000

It will be seen from these figures that the Treasury position at Washington is becoming very strong, and is approaching the position of 1880-9, when \$100,000,000 surpluses were the usual order of the day, and when the National Debt ran down from, roughly, £400,000,000 to £200,000,000 in a single decade! The question will now arise as to what the Americans are going to do with their money if it continue to come in at this rate. The present American National Debt is only about £200,000,000 (as against £775,000,000 for the British Debt), and with a few more surpluses such as that of 1906-7 it would be liquidated altogether. Such a condition of affairs, however, is—from a banking point of view—open to serious objection, and it will be interesting to watch the line that the American Secretary of the Treasury will take. In any case, it seems likely that the present burdens on the American taxpayer will have to be reduced, to his corresponding benefit in international trade competition.

CURRENT FOREIGN TRADE.—*British Foreign Trade.*—The British foreign trade returns continue to show remarkable increases. The returns to August 31, 1907, are as follows:—

VII. BRITISH IMPORTS.
(8 months, ending August 31.)

	1905.	1906.	1907.
	£	£	£
Total imports to date	364,686,392	398,002,162	429,850,513
Increase in 1907 over 1905 ..	65,164,121	—	—
" " " 1906 ..	—	31,848,351	—

VIII. BRITISH EXPORTS.
(8 months, ending August 31.)

	1905.	1906.	1907.
	£	£	£
British exports	213,045,108	247,529,092	284,124,844
Foreign and colonial re-exports	52,255,407	57,402,347	66,304,748
Total exports	£265,300,515	£304,931,439	£350,429,592
Increase in 1907 over 1905 ..	85,129,077	—	—
" " " 1906 ..	—	45,498,153	—

Chief Changes in Foreign Trade.—The chief changes in British foreign trade during 1907 to August 31 were as follows :—

**IX. CHIEF CHANGES IN BRITISH FOREIGN TRADE (1907).
(8 months, to August 31.)**

	£
1. Imports of raw cotton	Increase 14,973,313
2. Exports of cotton manufactures	" 7,239,721
3. " iron and steel manufactures	" 6,486,929
4. " coal and coke	" 5,849,144
5. Imports of oil seeds, nuts, oils, fats, and gums	" 4,050,924
6. " raw wool	" 3,817,064
7. " other textile raw materials	" 3,173,079
8. Exports of machinery	" 3,151,973

The above table includes all changes exceeding £3,000,000 in value, and shows clearly what vast changes are taking place. The analysis of these changes in detail is as follows :—

1. *Imports of Raw Cotton* (+£14,973,313).—This unprecedented increase is the result of the replenishment during the early months of the year of the British cotton reserve. Since the end of May, however, prices have been too high to warrant the purchase of any considerable quantity of material, and Lancashire has been depending upon the reserve accumulated in the spring. Taking the year as a whole to August 31, the bulk of the increased supply has, of course, come from the United States, which receives over £10,000,000 extra for 3,500,000 additional cwts. of cotton. Egypt is also doing well on a smaller scale, and receives £3,300,000 for 320,000 extra cwts. The net purchases from the rest of the British empire for the eight months just exceed £2,000,000, which is rather higher than in recent years.

2. *Exports of Cotton Manufactures* (+£7,239,721).—This increase is due almost entirely to higher prices obtained, the total quantity exported during the five months being only 44 million yards more than in 1906. There is, however, a good deal of change among the individual countries. The largest increased sales are to Bombay (+ 66 million yards), Brazil (+ 31 million yards), and Canada (+ 19 million yards). There is again a heavy diminution in sales to China (— 55 million yards), to Argentina (— 30 million yards), and to Straits Settlements (— 25 million yards). The diminution of sales to Japan has ceased, and the sales are practically identical with those of 1906.

3. *Exports of Iron and Steel Manufactures* (+£6,486,929).—The increase continues to be wide-spread. Exports of pig iron have

increased by nearly 400,000 tons, which reflected in values has brought in over £1,800,000. The bulk of this increased export has gone to the United States, who have paid us over £1,000,000. The accelerated flow across the North Sea continues, and Germany continues to be our second best customer. The imports of iron ore shows 100,000 tons decrease, though the price paid increases by £550,000.

Most of the manufactured iron exports show substantial increases, galvanized sheets bringing in an extra £1,000,000, and tinned plate £820,000.

4. *Exports of Coal and Coke* (+£5,849,144).—This trade, in view of the removal of the export duty, is growing apace, and nearly 5,000,000 additional tons have left these shores during the eight months. The following table shows the order of merit of the chief consumers of British coal:—

X. CHIEF PURCHASERS OF BRITISH COAL.
(8 months, to August 31.)

							Amount received.
							£
1.	France	..	..	..	..	..	4,001,290
2.	Italy	..	..	..	..	..	3,647,611
3.	Germany.	..	..	..	..	..	3,237,917
4.	Holland (rises from 9th)	1	..	..	..	..	1,426,529
5.	Egypt (falls from 4th)	..	..	..	..	..	1,274,292
6.	Sweden (rises from 7th)	..	..	..	..	..	1,251,376
7.	Russia (rises from 10th)	..	..	..	..	..	1,206,369
8.	Spain (falls from 5th)	..	..	..	..	..	1,166,543
9.	Argentina (falls from 6th)	..	..	..	..	..	1,063,327
10.	Denmark (falls from 8th)	..	..	..	..	..	1,022,559

5. *Imports of Oil Seeds, Nuts, Oils, Fats, and Gums* (+£4,050,924).—The special feature is a large increase in flax and linseed from Argentina (+£870,000). £850,000 more has been spent in cotton oil seed, chiefly from Egypt, and another £750,000 in tallow, chiefly from the United States and Australasia.

6. *Imports of Raw Wool* (+£3,817,064).—Additional wool has been imported to the amount of 80 million lbs. The chief increases are from Australia (+47 million lbs.), South Africa (+15 million lbs.), New Zealand (+12 million lbs.), and Argentina (+8 million lbs.). The following table gives the relative positions of the chief sources of home supply of raw wool, the British imperial sources being given in italics:—

¹ Probably a good deal of this goes up the Rhine into Germany.

XI. SOURCES OF BRITISH RAW WOOL SUPPLY (1907).
(8 months, to August 31.)

Country.	Raw wool, in lbs.
1. <i>Australia</i>	225,543,000
2. <i>New Zealand</i>	149,417,000
3. <i>British South Africa</i>	64,870,000
4. <i>The Argentine Republic</i>	33,952,000
5. <i>British East Indies</i>	33,417,000
6. <i>South America (West Coast)</i>	20,791,000

There is no change in the relative order.

7. *Imports of "other Textile" Materials* (+ £3,173,079).—This is mainly due to the rise in the price of jute; 36,000 additional tons have been imported against an additional cost of £3,000,000! Flax and hemp show an increased import to the value of £500,000 approximately in each case.

8. *Exports of Machinery* (+ £3,151,973).—This is an item not previously recorded, and a very welcome item, as it means the increased employment of highly skilled technical workmen. The chief increase is in textile machinery, which has brought in an additional £1,000,000, distributed widely throughout the world. Other descriptions of machinery than steam-engines record an increase of a further £1,000,000, while steam-engines show approximately £800,000 increase.

THE DIRECTION OF BRITISH TRADE.—The figures to June 30, 1907, maintain the view given by the figures of 1906, that we are increasing our purchases rather more in proportion from other sections of the empire, and selling rather more to foreign countries. The steady increase of the purchases from other sections of the empire is indeed noteworthy.

XII. UNITED KINGDOM. IMPORTS FROM OTHER SECTIONS OF THE EMPIRE.
(6 months, to June 30.)

	£
1903	51,400,868
1904	58,472,177
1905	61,290,865
1906	69,979,568
1907	79,962,713

The sales to foreign countries are shown in the following table :—

XIII. UNITED KINGDOM. EXPORTS TO FOREIGN COUNTRIES.
(6 months, to June 30.)

	£
1903	88,203,996
1904	91,006,294
1905	101,863,628
1906	123,343,950
1907	142,212,135

It is rather noteworthy that the six months' import trade from Europe shows but little elasticity. There is not a single European country from which the United Kingdom has found it profitable to purchase an increase of commodities amounting to £1,000,000 in the six months. Denmark comes nearest to this figure, the increased purchase having been approximately £870,000. On the other hand, the increases from extra-European countries have been very remarkable.

**XIV. INCREASES IN 1907 IN IMPORTS INTO UNITED KINGDOM
FROM EXTRA-EUROPEAN COUNTRIES.
(6 months, to June 30, 1907.)**

								£
1. United States of America	..	..	..	..	..	..	..	+ 5,263,681
2. India	..	..	..	..	..	..	..	+ 3,959,251
3. Australia	..	..	..	..	..	..	..	+ 3,420,980
4. Egypt	..	..	..	..	..	..	..	+ 3,224,741
5. Argentina	..	..	..	..	..	..	..	+ 2,184,808
6. New Zealand	..	..	..	..	..	..	..	+ 1,949,703

Perhaps the most singular feature of the export trade is the rapidly increasing sales in the most closely protected markets of Germany and the United States.

**XV. UNITED KINGDOM. EXPORT SALES TO GERMANY.
(6 months, to June 30.)**

								£
1903	..	..	..	..	..	..	..	10,738,215
1904	..	..	..	..	..	..	..	11,790,210
1905	..	..	..	..	..	..	..	13,212,640
1906	..	..	..	..	..	..	..	15,402,752
1907	..	..	..	..	..	..	..	18,565,326

**XVI. UNITED KINGDOM. EXPORT SALES TO U.S.A.
(6 months, to June 30.)**

								£
1903	..	..	..	..	..	..	..	12,012,326
1904	..	..	..	..	..	..	..	10,070,287
1905	..	..	..	..	..	..	..	11,159,698
1906	..	..	..	..	..	..	..	13,021,686
1907	..	..	..	..	..	..	..	16,247,578

The exports to South Africa, unfortunately, continue to be less than at any time during the past five years.

Dealing now with the countries in detail :—

IMPORTING COUNTRIES IN ORDER OF MERIT (6 months, to March 31, 1907):—

(a) **IMPORTING COUNTRIES OF THE FIRST CLASS (OVER £100,000,000 PER ANNUM).**

1. *United States of America*.—Another great leap upwards. Six months' imports from the United States now nearly equal in value the combined six months' imports from France, Germany, Holland, and Russia.

(b) IMPORTING COUNTRIES OF THE SECOND CLASS (OVER £50,000,000 AND UNDER £100,000,000 PER ANNUM).

2. *France*.—The signs of slackening in the trade continue, and 1907 records a slight decrease below 1906.

(c) IMPORTING COUNTRIES OF THE THIRD CLASS (OVER £25,000,000 AND UNDER £50,000,000 PER ANNUM).

3. *Germany*.—1907 shows about £450,000 improvement over 1906.

4. *India*.—An increase of £3,959,251, bringing the total trade for the half-year up to the record figure of £20,290,381.

5. *Netherlands*.—1907 slightly lower than 1906.

6. *Canada*.—This colony is not showing quite the expected elasticity, the 1907 figures showing a decrease of over £2,000,000 below those of 1906. The first half-year, however, is not a true index of Canadian trade.

7. *Russia*.—1907 slightly better than 1906, but much lower than the three previous years.

8. *Australia*.—An increase of £3,420,980, bringing the total trade for the half-year to the record figure of £20,081,244.

9. *Belgium*.—1907 nearly £1,000,000 lower than 1906. The import trade from Belgium shows growing signs of reaction.

EXPORTING COUNTRIES IN ORDER OF MERIT.—(a, b) There are no countries of the first and second classes to which the United Kingdom exports goods.

(c) EXPORTING COUNTRIES OF THE THIRD CLASS (OVER £25,000,000 AND UNDER £50,000,000).

1. *India*.—1907 shows an increase of nearly £2,400,000 for the half-year. This is rather more than the usual steady rate of increase that has been proceeding for many years.

2. *Germany*.—1907 shows an increase of over £3,000,000.

3. *U.S.A.*—1907 shows an increase of over £3,200,000.

COMPARATIVE FOREIGN TRADE OF UNITED KINGDOM WITH THAT OF THE OTHER CHIEF COMMERCIAL NATIONS.

(i) *America*.—In the export trade the neck-and-neck race between the United States and the United Kingdom continues. The United Kingdom, however, is drawing away, and on June 30, 1907, had a lead of about £13,000,000, which is greater than in other recent years.

XVII. COMPARATIVE EXPORTS—UNITED STATES AND UNITED KINGDOM.
(6 months, to June 30.)

				United Kingdom. £				United States. £
1905	..	..	..	155,706,000	..	..	..	151,263,000
1906	..	..	..	180,594,000	..	..	..	175,957,000
1907	..	..	..	206,317,000	..	..	..	193,015,000

In imports there is, of course, scarcely any comparison yet, but 1907 shows that the United States are increasing their imports at a very rapid rate.

XVIII. COMPARATIVE IMPORTS—UNITED STATES AND UNITED KINGDOM.
(6 months, to June 30.)

				United Kingdom. £				United States. £
1905	..	..	..	233,080,000	..	..	..	122,904,000
1906	..	..	..	256,131,000	..	..	..	132,783,000
1907	..	..	..	276,816,000	..	..	..	156,538,000

(ii.) *Germany.*—The German figures, which were not available in 1906, are now published for 1907, and reveal a substantial expansion of trade. Comparatively with the United Kingdom, the exports show a fractionally greater rate of increase during the six months, while the imports are proportionally less than they were in 1906. The figures do not tell much at present one way or the other.

XIX. COMPARATIVE EXPORTS—GERMANY AND UNITED KINGDOM.
(6 months, to June 30.)

				United Kingdom. £				Germany. £
1905	..	..	..	155,706,000	..	..	..	129,467,000
1906	..	..	..	180,594,000	..	..	..	142,859,000
1907	..	..	..	206,317,000	..	..	..	165,550,000

XX. COMPARATIVE IMPORTS—GERMANY AND UNITED KINGDOM.
(6 months, to June 30.)

				United Kingdom. £				Germany. £
1905	..	..	..	233,080,000	..	..	..	163,331,000
1906	..	..	..	256,131,000	..	..	..	201,648,000
1907	..	..	..	276,816,000	..	..	..	213,256,000

WHEAT—(i.) *General Position.*—The current year 1906–7 closed on June 30, 1907. The order of the exporting countries is as follows :—

XXI. ORDER OF MERIT OF CHIEF WHEAT-EXPORTING COUNTRIES 1906-7.

Country.	Bushels exported.
	Winchester bushels.
1. United States and Canada (rises from 2nd)	179,034,000
2. Argentina (rises from 3rd)	110,800,000
3. Russia (falls from 1st)	96,113,000
4. Danubian Nations	73,336,000
5. India (rises from 6th)	32,024,000
6. Australia (falls from 5th)	29,776,000
7. Chili and North Africa	8,293,000
8. Austria-Hungary	5,872,000
Total	535,248,000

The total of 535,248,000 bushels is somewhat lower than the total for 1905-6, but exceeds that for recent previous years. The Russian famine is the chief cause of the diminution, as the lack of Russian wheat has given the Americans a more ample control of the international wheat market, with the natural consequence of a considerable rise in prices. The comparative totals exported during recent years by the chief wheat-exporting countries is given below.

XXII. TOTAL AMOUNT OF WHEAT EXPORTED FROM CHIEF WHEAT-EXPORTING COUNTRIES.

	Winchester bushels.
1903-4	520,566,000
1904-5	508,414,000
1905-6	547,650,000
1906-7	535,248,000

The Americans, however, yet hold a large unsold stock, and, in virtue of their present commanding position as wheat-sellers in the world's markets, they are apparently still holding back in order to obtain higher prices. The comparative magnitude of their unsold stock can be seen from the following table :—

XXIII. STOCK OF WHEAT IN U.S.A. AND CANADA.

	Winchester bushels.
1903, August 15	20,759,000
1904, " 13	18,508,000
1905, " 12	21,406,000
1906, " 11	44,394,000
1907, " 10	64,141,000

The general uncertainty of the world's harvests and the likelihood of another bad year in Russia have enabled the wheat-merchants to maintain prices at a high level. The British price rose from 32s. 0d. on June 8 to 33s. 10d. on August 31. The total rise from April 20

to August 31 has been from 26*s.* 8*d.* to 33*s.* 10*d.*, or 7*s.* 2*d.* in 19 weeks. The present price of 33*s.* 10*d.* is high compared with recent years. To obtain a precedent, it is necessary to go back to August 20, 1898, when prices were wildly descending after the failure of the Leiter corner. Omitting this period, the next previous precedent for so high a price was at the beginning of 1892.

(ii.) *British Consumption.*—The figures of the British home consumption may now be continued to August 31, 1907, which concludes the British harvest year. The levelling up recorded on p. 349 has continued, and the total for 1906–7 is singularly like that for 1905–6.

XXIV. BRITISH (HOME) CONSUMPTION OF WHEAT FOR 52 WEEKS, ENDING AUGUST 31.

							cwts.
1902–3	..	..	..	..	..	..	131,382,100
1903–4	..	..	..	..	..	..	137,769,000
1904–5	..	..	..	..	..	..	135,816,900
1905–6	..	..	..	..	..	..	141,677,000
1906–7	..	..	..	..	..	..	141,465,100

The table registering the relative consumption of home-grown and foreign wheat shows that the home-grown is slightly below the level of 1905–6, but considerably above the years preceding 1905.

XXV. BRITISH (HOME) CONSUMPTION OF HOME-GROWN AND FOREIGN WHEAT. (52 weeks, to end of August.)

	1903–4.	1904–5.	1905–6.	1906–7.
	cwts.	cwts.	cwts.	cwts.
Foreign imports ..	113,178,300	115,674,000	107,856,100	109,047,900
Home-grown sales ..	24,590,800	20,142,900	33,820,900	32,417,200
Total home supplies	137,769,100	135,816,900	141,677,000	141,465,100

(iii.) *Sources of British Supply.*—The present chief sources of the British wheat supply are shown by the following table :—

XXVI. SOURCES OF BRITISH WHEAT AND WHEAT FLOUR SUPPLY (1907). (8 months, to August 31, 1907.)

	Wheat.	Wheat flour.	Total.
	cwts.	cwts.	cwts.
1. Argentina	20,050,300	41,100	20,091,400
2. United States of America ..	12,310,100	5,516,154	17,826,254
3. India	9,124,700	—	9,124,700
4. Russia	8,274,100	—	8,274,100
5. Canada	6,958,500	1,189,020	8,147,520
6. Australia	6,215,400	48,300	6,263,700

Comparing the table with that for 1906, it will be seen that Argentina has now won the premier position, having displaced the United States, which takes the second position. India rises from the sixth place to the third, and Russia, Canada, and Australia each fall one place. If this table be compared with Table XXIII, it will be seen that the United States could easily have maintained its position at the head, had it been content with rather lower prices.

COTTON.—(i.) *The General Situation.*—The Americans have managed to keep the price of raw cotton well above 7*d.* during the thirteen weeks from June 6, 1907, to September 5, 1907, but it has not mattered very much to British spinners, because of their previous action in strengthening the reserve of raw cotton during the five early months of the year.

(ii.) *The British Position.*—The following table shows that the British mills have continued to be in full operation, the number of bales consumed to August 31 being at the record level at this date of 2,648,671.

XXVII. BRITISH CONSUMPTION OF BALES OF RAW COTTON.

January 1 to August 31.	Bales consumed.	Change on previous year.
		Bales.
1904 (high prices) ..	1,803,329	— 219,482
1905	2,495,687	+ 636,124
1906	2,606,581	+ 110,394
1907 (August 30) ..	2,648,671	+ 42,090

The corresponding table of imports during the same period bears eloquent testimony of the strengthening of the reserve.

XXVIII. BRITISH IMPORTS OF BALES OF RAW COTTON.

January 1 to August 31.	Bales imported.	Change on previous year.
		Bales.
1904 (high prices) ..	1,762,216	— 271,596
1905	2,704,425	+ 932,482
1906	2,230,650	— 473,775
1907	3,102,256	+ 871,606

Comparing this table, however, with Table XLI, on p. 351, it will be seen that the increased import over 1906 during June, July, and August has only been 58,417 bales, so that during this time of high prices comparatively little has been bought.

The table showing the state of the reserve at this period of the four years, makes clear the present strong position in Lancashire.

XXIX. BRITISH RESERVE STOCK OF RAW COTTON.

August 31.	Reserve stock.	Change on previous year.
	Bales.	Bales.
1904 (high prices) ..	238,340	- 19,480
1905	723,220	+ 532,840
1906	379,530	- 343,720
1907	779,550	+ 382,180

(iii.) *The American Position.*—The American figures are now published to June 30, and illustrate the effect of the British replenishments upon American exports.

XXX. CASH RECEIVED BY UNITED STATES FOR RAW COTTON.
(12 months, to June 30.)

	1906-6.	1906-7.	Change in 1906-7.
	Dollars.	Dollars.	Dollars.
United Kingdom ..	177,590,326	212,605,609	+ 35,015,883
Germany	101,535,121	121,662,182	+ 20,127,011
France	45,112,084	53,386,821	+ 8,274,787
Italy	26,786,146	30,442,935	+ 3,656,789

Taking the total sales of the United States, the following table shows—

XXXI. CASH RECEIVED BY THE UNITED STATES IN RESPECT OF EXPORTS OF RAW COTTON.
(12 months, to June 30.)

	Number of bales sold.	Cash received.
		Dollars.
1903-4	6,009,194	370,811,246
1904-5	8,337,984	379,965,014
1905-6	7,050,356	401,005,921
1906-7	8,708,469	481,277,797

(iv.) *British Sales of Manufactured Cotton Goods.*—The export sales of cotton goods manufactured in Britain in 1907, to August 31, continues to be of unprecedented magnitude.

XXXII. EXPORT SALES OF COTTON FABRICS MANUFACTURED IN GREAT BRITAIN.
(8 months, to August 31.)

								<i>£</i>
1904 .. ..	..	..	..	..	..	..	..	54,356,680
1905 .. ..	..	..	..	..	..	..	..	60,359,864
1906 .. ..	..	..	..	..	..	..	..	66,808,932
1907 .. ..	..	..	..	..	..	..	..	74,048,653

The following are the chief destinations of the piece goods exported from Great Britain :—

**XXXIII. CHIEF DESTINATIONS OF COTTON FABRICS MANUFACTURED
IN GREAT BRITAIN, 1907.
(8 months, to August 31.)**

	£
1. Bengal	8,682,581
2. China (including Hong Kong)	6,582,502
3. Bombay	6,206,133
4. Turkey	3,311,044
5. Egypt (rises from 6th)	2,069,504
6. Australia (passes £1,500,000)	2,040,276
7. Argentina (falls from 5th)	1,767,541
8. Dutch East Indies (falls from 7th)	1,721,065
9. United States of America (passes £1,500,000)	1,710,275

The above includes all purchasers of over £1,500,000 in the eight months. There are now nine countries in the list that have passed this figure, as against seven for 1906. The comparative positions on August 31, 1906, are given in this table.

SUGAR.—Sugar continues to be fairly steady, but inclined to rise. Cane sugar on August 31, 1907, was 8s. 0d. per cwt., and beet 10s. 3d. The additional import for the eight months to August 31, 1907, was 600,000 cwts. approximately, at an additional cost of £1,000,000. The general level of prices is approximately 1s. per cwt. above the level that obtained before the "corner" of 1905, and this accounts for the apparently large additional payment.

PRICES GENERALLY.—(i.) *British.*—During the summer of 1907 prices have shown a distinct tendency to recede, which is a hopeful sign.

XXXIV. BRITISH INDEX NUMBERS OF PRICES OF COMMODITIES.

Year.	"Economist."	Sauerbeck.
End of June, 1907	2594	82·0
" July, 1907	2571	81·1
" August, 1907	2519	79·4
August, 1906	2341	76·7
" 1905	2212	72·3
" 1904	2141	70·4
January, 1897	1950	62·0
" 1877	2723	94·0 (average)

(ii.) *American.*—American prices show the same tendency slightly to decline. The comparative tables are as follows :—

XXXV. AMERICAN INDEX NUMBERS OF PRICES OF COMMODITIES.

1907.	"Bradstreet."	"Dun." ¹
July 1	90409	
August 1	89304	
September 1	88297	
1906—September 1	84528	104.287
1905—"	82795	100.308
1904—"	77845	97.842
1897—July 1	58537	72.455

In connection with these high index numbers of prices of commodities, it is necessary to note the abnormally high rate of discount at the Bank of England. It has been raised $\frac{1}{2}$ per cent. since the publication of the table on p. 356; and, compared with recent years, is still relatively high.

XXXVI. RATE OF DISCOUNT AT THE BANK OF ENGLAND.

(Average for the month of August.)

	Per cent.
1904	3
1905	2 $\frac{1}{2}$
1906	3 $\frac{1}{2}$
1907	4 $\frac{1}{2}$
1897	2

The price of silver also remains high in its relationship to gold.

XXXVII. PRICE, PER OZ., OF STANDARD SILVER.

	d.
1907. July 3	31 $\frac{1}{2}$
" August 7	31 $\frac{1}{2}$
" September 4	31 $\frac{1}{2}$
1904. September 7	26 $\frac{1}{2}$
1905. " 6	28 $\frac{1}{2}$
1906. " 5	31 $\frac{1}{2}$
1897. September 1	23 $\frac{1}{2}$

MISCELLANEOUS.—(i.) *British Labour Returns.*—(a) *Changes in Wages.*—The extent to which British workpeople are benefiting from the improving trade position is strikingly shown in the following Board of Trade returns summarizing the financial effect of changes that are made from time to time in the weekly wages of the British standard trades.

¹ Dun's Index Number does not appear to have been published since May 1, 1907, so the recent figures cannot be given.

XXXVIII. NET CHANGES IN WEEKLY WAGES OF BRITISH WORKPEOPLE
(8 months, to August 31.)

1904.	Total decrease of	£30,857	per week.
1905.	"	£8,045	"
1906.	" increase of	£40,062	"
1907.	"	£168,969	"

Over £145,000 of the £168,969 increase this year is going to the coal-miners, 800,000 of whom are benefited.

(b) *Labour Disputes*.—The following table shows the number of working days lost through unsettled labour disputes. It will be seen that the tendency is to increase.

XXXIX. BRITISH LABOUR DISPUTES. WORKING DAYS LOST EACH MONTH.

					1906.	1907.
June	..	..	..	..	338,700	194,100
July	..	..	..	..	158,200	288,600
August	..	..	..	..	109,100	185,400

Summarizing the number of working days estimated to have been lost in the eight months ending August 31 in recent years, the following results are published by the Board of Trade. The loss is rather less than in the two preceding years, though higher than in 1904.

XL. BRITISH LABOUR DISPUTES. AGGREGATE OF WORKING DAYS LOST.
(8 months, ending August 31.)

Year.						Working days lost.
1904 (to August 31)	..	..	..	..	..	1,038,300
1905	"	..	..	..	..	1,578,400
1906	"	..	..	..	..	1,670,300
1907	"	..	..	..	..	1,485,800

(c) *British Unemployed Returns*.—The trade union percentage of unemployed at the end of August, 1907, was 4·0 per cent.

XLI. PERCENTAGE OF BRITISH UNEMPLOYED (T.U.) DURING MONTH OF AUGUST.

					Per cent.						Per cent.
1894	..	..	..	..	7·7	1901	..	..	..	..	3·9
1895	..	..	..	..	5·2	1902	..	..	..	..	4·5
1896	..	..	..	..	3·4	1903	..	..	..	..	5·5
1897	..	..	..	..	3·5	1904	..	..	..	..	6·4
1898	..	..	..	..	2·8	1905	..	..	..	..	5·4
1899 (low point)	..	..	..	..	2·3	1906	..	..	..	..	3·8
1900	..	..	..	..	3·0	1907	..	..	..	..	4·0

The present line of the unemployment curve is a little higher than might have been expected. The August figure is '02 per cent. higher than in 1906, and the general trend from April, 1907, to August, 1907, has been rather more in the upward direction than is usual at this time of year. The trades chiefly affected seem to be those of engineering and shipbuilding.

(ii.) *British Pauperism*.—The total number of paupers relieved continues on the whole to fall slightly, as will be seen from the following table :—

XLII. NUMBER OF BRITISH PAUPERS RELIEVED ON ONE SELECTED DAY.
(35 selected urban districts.)

	1905.	1906.	1907.	Comparison with previous year.
June	380,863	372,700	372,271	— 429
July	374,728	368,704	368,336	+ 1632
August	379,386	368,295	367,443	— 852

The rate of decrease in pauperism is, on the whole, diminishing, but the differences between 1907 and 1906 are not very great.

(iii.) *Work at the London Docks*.—The average number of labourers employed at the London Docks per day has been as follows :—

XLIII. AVERAGE NUMBER OF LABOURERS, PER DAY, AT LONDON DOCKS.

	1906.	1907.	Comparison with 1906.
June	12,673	12,100	Per cent. — 4·5
July	12,886	12,359	— 4·1
August	12,794	12,075	— 5·6

It should be noted that employment at the docks is hardly as good as it was in 1906.

(iv.) *Seamen shipped*.—The number of seamen¹ shipped during the eight months ending August 31, 1907, was 328,553. This compares with 313,680 during 1906, or an increase of 14,923.

(v.) *Price of Bread*.—The following table, based on returns from British Co-operative Societies, gives a fair idea of the average quarterly fluctuations of the price of a 4-lb. loaf in Great Britain :—

¹ I.e. separate engagements, not separate individuals.

XLIV. VARIATIONS IN PRICE OF BREAD IN GREAT BRITAIN.

	1904.	1905.	1906.	1907.
	d.	d.	d.	d.
March 1	5.30	5.53	5.35	5.14
June 1	5.31	5.43	5.34	5.30
September 1	5.38	5.43	5.23	5.47
December 1	5.55	5.39	5.17	

The present high prices of wheat and flour are naturally reflected in an increased price of bread. The present price, however, is not yet 5½d. per 4-lb. loaf, and is less than it was in the winter of 1904-5.

(vi.) *British Railway Goods and Mineral Traffic Receipts*.—The returns of this excellent index of British home-trade activity show receipts during the first 35 weeks of 1907, i.e. to August 31, 1907, of £37,147,047, or £1,487,473 (or 4.2 per cent.) above the corresponding period of 1906.

(vii.) *British Bankers' Clearings*.—The aggregate amount of bills and cheques cleared in the British bankers' clearing houses is as stated in the table. Both in the United States and the United Kingdom the bank clearings to date continue to show diminished rates of increase upon the figures of previous years.

XLV. BRITISH BANKERS' CLEARING RETURNS, 1907.

	Town clearing.	Country clearing.	Total.
	£	£	£
1906 (to September 4)	8,001,722,000	674,509,000	8,676,231,000
1907	8,072,744,000	722,421,000	8,795,165,000
Increase in 1907 .. {	+ 71,022,000 = 0.88 per cent.	+ 47,912,000 = 7.12 per cent.	+ 118,934,000 = 1.37 per cent.

(viii.) *The Price of Consols* is as follows:—

XLVI. COMPARATIVE PRICE OF CONSOLS.

1903 Sept. 9 (reduced from 2½ per cent. to 2¼ per cent. on April 6, 1903)	89½
1904 .. 7	88½
1905 .. 6	90
1906 .. 5	86½
1907 .. 4	81½

The continued fall in consols is only one of the many manifestations of the situation caused by the high prices of commodities throughout the world.

THE TARIFF POSITION.—There is not much change to record in

any direction. Table LXI. on p. 360 has been carried three months further on, but it is too early yet to draw any conclusions therefrom.

XLVII. COMPARATIVE IMPORTS INTO UNITED STATES OF AMERICA.
(11 months, ending May.)

	1905-6.	1906-7.	Increase.
	Dollars.	Dollars.	Dollars.
1. United Kingdom ..	192,091,827	227,942,177	+ 35,850,350
2. Germany	124,089,602	148,789,551	+ 24,699,949
3. France	100,050,843	119,387,485	+ 19,336,642
4. Brazil	76,304,553	92,556,201	+ 16,251,648
5. Japan	49,399,931	64,811,558	+ 15,411,627
6. British India ..	41,140,284	53,025,196	+ 11,884,912
7. Italy	36,707,800	45,862,606	+ 9,154,806

GENERAL ECONOMIC POSITION.—(i.) *British*.—The British position continues to be generally quite prosperous, but some of the curves are diverging slightly from the normal line. The unemployment table, for example, for the last few months has been getting very slightly higher than it should be; and pauperism is not decreasing at the rate it did last year. These signs may be the outcome of either a temporary or incidental fluctuation, or they may be the beginning of a larger movement of trade depression. It is perhaps sufficient at the present moment to note their existence and to reserve judgment as to their meaning.

The monetary position is, if anything, stronger than it was three months ago, though the situation in the United States complicates financial affairs in London considerably. The rate of interest obtainable for capital in the States is now abnormally high, and this tends to bring American finance bills to London in large quantities in search of possibly lower terms. It is difficult for British houses to refuse to accept these bills when they represent American firms of the highest commercial reputation, and consequently the current rate of interest in London and the Bank of England rate are also kept abnormally high. Obviously in such circumstances the value of British securities correspondingly diminishes. It will be seen that the situation in this respect contains elements of danger, and it is much to be desired that American affairs may soon return to a more normal condition.

(ii.) *American*.—The American position is most obscure, and difficult to follow. High prices of commodities, an overflowing treasury, high rates of interest for loanable capital, severe banking stringency, and continuous gold exports, characterize the situation. It is a congested and not altogether healthy state of affairs. But whether current

business will gradually adjust itself to the altering conditions, or whether events will culminate in a grave financial crisis, it is almost impossible to say, and the only thing to do is to await events.

(iii.) *Colonial.*—Australia and India are continuing to do very well, but the position in Canada is not quite so clear. South Africa is still slowly diminishing its commercial activity, and complaints as to increasing stagnation of trade in that portion of the empire are very insistent.

OWEN FLEMING.

LEGISLATION, PARLIAMENTARY INQUIRIES, AND OFFICIAL RETURNS.

THE Fifty-first Report of the Commissioners of His Majesty's Customs for the year ended March 31, 1907 (Cd. 3701, 78 pp., 4d.), has been issued. The net Customs Revenue collected in the year amounted to £32,894,636, which is £664,636, or 2·6 per cent. more than the estimate, and 4·6 per cent. less than the net yield for 1905-6. The decreased yield was due to the reduction of the tea duty from 6d. to 5d. per lb., the reduction of the slightly preferential duty on stripped tobacco from 3s. 3d. to 3s. 0½d. (unstripped paying 3s.), and the abolition of the export duty on coal. The cost of collection was £2 15s. 9d. per cent. on the net amount collected, an increase on 1906, when it was only £2 12s. 8d. There is, in fact, an upward movement in this rate per cent., which is not explained, though we are told of reductions of staff made possible by the abolition of the coal duty. The statistics connected with the coal duty illustrate the elusive nature of the causes which determine price. The duty, 1s. per ton, was imposed on April 19, 1901, and the export prices of coal went steadily down almost to the end. The average declared export values of coal for each of the past six financial years were :—

Years.	Per ton.
	s. d.
1901-1902	13 2
1902-1903	12 0
1903-1904	11 6
1904-1905	10 10
1905-1906	10 6
1906-1907 { Seven months ending Oct. 31, 1906 }	11 0
{ Five months ending March 31, 1907 }	11 5

This has been used as a proof of the extraordinary advantage of a Customs duty in lowering the price of the taxed article, and of the invincible dogmatism of the Chancellor of the Exchequer, who sacrificed £2,000,000 of revenue, and injured the consumer to boot. So far

as the rise of price in 1906-7 is concerned, the explanation is the one that would obviously occur to Macaulay's schoolboy after a moment's casual thought: the demand for coal for export and for bunkers was 68·8 million tons in 1905-6, and 77·5 million tons in 1906-7. This has naturally caused some stringency in the domestic market, which has been increased by numerous housekeepers, far too thoughtful for the month after next, who have been filling every available nook and corner with coal, only to help in producing the rising prices which have alarmed them. The duty, during its existence, yielded—

Year.								£
1901-2	..	..	..	..	..	..	..	1,311,706
1902-3	..	..	..	..	..	..	..	1,991,767
1903-4	..	..	..	..	..	..	..	2,051,653
1904-5	..	..	..	..	..	..	..	2,052,774
1905-6	..	..	..	..	..	..	..	2,183,973
1906 (April 1 to October 31)	..	..	..	..	..	..	..	1,494,777
Total								£11,086,850

The sugar duties yielded 1·2 per cent. more than in 1905-6, and are making themselves exceedingly hard to get rid of. The net revenue from them has been—

Year.								£
1902-3	..	..	..	..	..	..	..	4,478,707
1903-4	..	..	..	..	..	..	..	5,725,913
1904-5	..	..	..	..	..	..	..	6,106,387
1905-6	..	..	..	..	..	..	..	6,177,953
1906-7	..	..	..	..	..	..	..	6,250,834

The tea duty, on the other hand, having been reduced from 6*d.* to 5*d.* per lb., its yield fell from £6,814,908 in 1905-6 to £5,588,288 in 1906-7; the quantity of tea retained for home consumption increased, however, from 261·6 million lbs. to 265·7. The consumption per head per annum of spirits has fallen slightly of late years, while that of other great staples subject to customs duties has risen.

					Consumption per head.	
					1902.	1906.
					lbs.	lbs.
Tea	..	..	..	..	6·06	6·17
Sugar	..	..	..	..	83·95	85·06
Tobacco	..	..	..	..	1·85	1·92

At present, at any rate, the Customs Report remains a very small affair, notwithstanding the determination of the authorities to say all that can possibly be said on the subject. Its companion and complement, the *Fiftieth Report of the Commissioners of His Majesty's Inland Revenue* for the same year (Cd. 3686, 248 pp., 2s.) is a substantial volume.

There is no appreciable sign nowadays of "an ignorant impatience of taxation." In 1906-7, the gross amount collected by the Inland Revenue Department was £98,731,585; twenty years previously, in 1886-7, it was £55,588,216, and the total revenue of that year, £92,901,158, was considerably less than the amount collected last year by this one department. The following table gives the yield of the various branches of Inland Revenue (i.) for 1896-7, (ii.) for 1906-7 :—

		1896-7.			1906-7.
		£			£
Excise duties	.. ..	82,293,222	.. ..		85,718,239
"Death" duties	.. ..	13,878,274	.. ..		18,958,763
Stamp duties	.. ..	7,311,446	.. ..		7,963,728
Land tax	.. ..	916,445	.. ..		716,915
Inhabited house duty	.. ..	1,513,484	.. ..		1,901,023
Income tax	.. ..	16,901,341	.. ..		31,891,949
		<hr/>			<hr/>
		£72,814,162			£97,145,617

The income tax in 1896-7 was 8d. in the £, in 1906-7 it was 1s.; Harcourt had remodelled the death duties in 1894. These two duties have been the mainstay of the increasing expenditure, and now that they have been changed again by the Budget of 1907, we shall be able to see whether the existing tax system is elastic enough to meet further demands upon it. If it does not, what is the alternative? With either Mr. Bonar Law or Mr. Philip Snowden at the Exchequer, we should have a chancellor with very clear-cut views as to what ought to be done. But a thorough-going protectionist or socialist budget is an alternative to which we are not likely to turn at present, and in the mean time some few venturesome souls might attempt to snatch from its grave the sound old maxim of mid-Victorian economics which taught us that it was good to leave money "to fructify in the pockets of the people." I should like to find an observant person who has lived through this twenty years of high finance, and is able to trace out lines of improvement due to this lavish expenditure of public money. There ought to be a commission or committee appointed to show us, not only where the money has gone to, but (i.) the grounds on which expenditure in any direction has been increased, and (ii.) what

is the tangible result of the increase. Peel in 1842 said, when re-introducing the income tax, "It is my solemn duty to make an earnest appeal to the possessors of property." He wanted to find 50·8 million pounds for the services of the coming year. It is no wonder now, with a budget more than three times as onerous, that an appeal is being made to "the people who live in small houses," as Lowe called them. The pretence may be specious, and the particular appeal is obviously unsound economics, but at the rate at which we are pushing up our national expenditure, that appeal must and ought to come, for it will be legitimate.

Turning to the different departments of the Inland Revenue, there is plenty of interesting information in the *Report*. We are steadily getting somewhat soberer, though each of us gets through a fair amount of intoxicants. It also appears that patriotism has the effect of making us thirstier.

Years ended March 31.	Estimated population of United Kingdom.	Estimated consumption of beer per head in gallons.	Estimated consumption of spirits per head in gallons.
1886-7	35,599,000	30·49	1·01
1897-8	39,987,000	31·54	1·03
1898-9	40,881,000	31·92	1·05
1899-1900	40,774,000	32·29	1·18
1900-1	41,155,000	31·48	1·10
1901-2	41,551,000	30·66	1·01
1902-3	41,961,000	30·34	1·03
1903-4	42,371,000	29·51	0·99
1904-5	42,793,000	28·44	0·93
1905-6	43,221,000	27·90	0·91
1906-7	43,659,000	27·81	0·91

The component parts of the United Kingdom shared this production as follows in 1906-7 :—

	Beer. (Barrels.)		Spirits. (Gallons.)
England	29,144,935	.. ..	13,424,854
Scotland	1,811,592	.. ..	24,839,870
Ireland	3,395,786	.. ..	12,053,184
	<u>34,352,313</u>		<u>50,317,908</u>

The gross capital value of the estates passing at death in the financial year was £329,810,264; the net capital value liable to the estate duty was £298,460,180. They were distributed as follows :—

Class.		Rate of duty.	Number of estates.	Net capital value.
Small estates {	Not exceeding £300 gross value ..	30	18,995	£ 3,661,754
	Exceeding £300 but not exceeding £500 gross	50	9,811	3,728,661
Net.		Per cent.		
Exceeding	£ 100 but not exceeding 500	1	5,990	2,611,325
"	500 " " 1,000	2	10,516	8,616,449
"	1,000 " " 10,000	3	17,098	61,588,433
"	10,000 " " 25,000	4	2,478	42,505,410
"	25,000 " " 50,000	4½	909	34,988,778
"	50,000 " " 75,000	5	314	19,605,129
"	75,000 " " 100,000	5½	127	11,351,497
"	100,000 " " 150,000	6	159	19,202,202
"	150,000 " " 250,000	6½	104	22,356,264
"	250,000 " " 500,000	7	58	21,292,964
"	500,000 " " 1,000,000	7½	18	12,863,132
"	1,000,000 " " "	8	10	34,188,182
			66,082	298,460,180

The gross capital value was distributed amongst the various forms of property as follows :—

	£
1. Stocks, funds, shares, and other like securities ..	133,980,897
2. Cash in the house and in bank	18,861,761
3. Money lent on mortgages, bonds, bills, etc. ..	22,966,113
4. Trade assets, i.e. book debts, stock, goodwill, etc. ..	17,272,033
5. Policies of insurance	9,652,557
6. Household goods, apparel, etc.	6,817,326
7. Agricultural land	23,067,369
8. House property and business premises	46,808,439
9. Ground rents and other similar burdens	8,191,733
10. Other property	41,716,271
	<u>£328,834,499</u>

This gives the distribution of the property amongst economic categories ; looking at it from the legal point of view, it is distributed as follows :—

(i.) Property of which the deceased was absolute owner—

	£
Personalty	222,653,169
Realty	61,197,715
	<u>£283,850,884</u>

(ii.) Settled property—

Personalty	18,796,509
Realty	22,835,603
	<hr/>
	£41,632,112

(iii.) Gifts—

Personalty	1,602,547
Realty	313,026
	<hr/>
	£1,915,573

The rather insignificant remainder is composed mainly of joint property (£452,856), interests in expectancy (£403,960). The gross capital value of the personalty situated in the United Kingdom was £216,284,960. On p. 101 this is divided into twenty-three categories, which show how personal property is held; *e.g.* "household goods, pictures, china, linen, apparel, etc.," amounted to £6,744,189.

In the ten years 1896-7 to 1905-6, the number of private dwelling-houses increased as follows :—

	1896-7.	1906-7.
1. Exempt from inhabited house duty ..	5,283,607	6,047,579
2. Subject to " " " ..	1,012,399	1,414,383
	<hr/>	<hr/>
	6,296,006	7,461,962

The increase is at the rate of 18·6 per cent. for all houses, while the population grows at the rate of 11·4 per cent., so that the average number of inhabitants per house decreased. The houses subject to duty, *i.e.* those of an annual value of £20 and upwards, increased at the rate of 39·7 per cent. During the last year or two there has been a slight falling off in the number and annual value of the more expensive houses (over £150 annual value). This is in contrast to their steady increase in both reports, from 1896-7 to 1902-3, and, if it continues, will be worth inquiring into. The private dwelling-houses were distributed in 1906 as follows :—

	Exempt from duty.	Subject to duty.
1. Metropolis	182,284	422,818
2. Rest of England	5,039,764	874,141
3. Scotland	825,581	117,425
4. Great Britain	6,047,579	1,414,383

The following tables contain important information about the income tax for the period 1896-7 to 1905-6 :—

Year.	Gross income brought under review of the Department.	Income on tax was received.	Net produce of tax.	Rate of tax in the £.	Produce for each penny of the tax.
	£	£	£	s. d.	£
1896-7 ..	704,741,608	503,664,630	16,788,821	0 8	2,098,602
1897-8 ..	734,461,246	525,211,200	17,507,040	0 8	2,188,380
1898-9 ..	762,687,809	548,229,450	18,274,315	0 8	2,284,289
1899-1900 ..	791,735,413	564,868,749	18,828,958	0 8	2,353,619
1900-1 ..	833,855,513	594,106,253	29,705,812	1 0	2,475,442
1901-2 ..	866,993,453	607,550,919	35,440,470	1 2	2,531,462
1902-3 ..	879,638,546	608,606,908	38,037,931	1 3	2,535,862
1903-4 ..	902,758,585	615,012,873	28,188,067	0 11	2,562,551
1904-5 ..	912,129,680	619,328,097	30,966,404	1 0	2,580,533
1905-6 ..	925,184,556	632,024,746	31,601,237	1 0	2,633,486

The gross revenue shown in the above table was thus distributed between the five schedules :—

Year.	Schedule A.	Schedule B.	Schedule C.	Schedule D.	Schedule E.
	£	£	£	£	£
1896-7 ..	214,199,332	18,496,701	38,497,545	377,098,765	56,449,265
1897-8 ..	216,457,409	18,290,828	38,609,269	401,312,921	59,790,819
1898-9 ..	223,832,177	17,632,032	39,409,184	416,505,891	65,288,025
1899-1900 ..	228,383,906	17,596,152	39,408,744	436,253,088	70,093,523
1900-1 ..	232,810,179	17,608,766	41,364,917	466,189,836	75,381,815
1901-2 ..	238,231,937	17,589,800	44,288,647	487,731,644	79,151,425
1902-3 ..	241,887,406	17,541,703	46,121,448	491,646,201	82,441,788
1903-4 ..	251,784,459	17,544,450	44,947,921	502,402,516	86,079,239
1904-5 ..	255,127,403	17,479,547	45,580,640	504,567,799	89,374,291
1905-6 ..	258,948,671	17,460,062	46,925,674	508,664,345	93,185,804

The difference between the gross income brought under the review of the Department and the income on which tax was paid is accounted for 1905-6, as follows :—

	£
1. Exemptions in respect of incomes under £160 ..	52,413,662
2. Abatements on incomes between £161 and £700 ..	112,809,494
3. Life insurance premiums	8,582,967
4. Charities, hospitals, friendly societies, etc. ..	10,533,691
5. Repairs—lands and houses	38,173,967
6. Wear and tear of machinery or plant	14,974,744
7. All other allowances and income on which tax was irrecoverable	55,672,285
	<u>£293,159,810</u>

As regards the first item, it is obvious that it refers only to incomes below £161 brought under the notice of the Department. The continuous decline under Schedule B indicates the continued fall in the value of lands, which amounted to £2,649,359, or 4·8 per cent. in the ten years. Landowners, as a class, did not suffer, because so much land was absorbed for building purposes, and its increased value is blended with that of houses, which increased £46,712,000, or 29·4 per cent. in the same period.

The *Report* (pp. 216–7) attempts to ascertain the amount of income from investments abroad. Few readers of the *Economic Review* are likely to accept Mr. John Holt Schooling as an authority upon the economic interpretation of statistics, but this topic happens to provide an example of his style which is perhaps worth noting. With his reasoning about the return from our investments abroad we need not concern ourselves, but for the purposes of his argument the less they happen to be the better. On p. 65 of his *British Trade Year Book*, 1906," he gives a table "based" on the table which appears on p. 104 of Cd. 1761, or, as he says, on "recorded fact," not "conjectural estimates." He does not say that the "profits from abroad" given in the table he quotes are distinctly headed "so far as they can be identified." He will, I hope, point this out in the next issue of his *Year Book*, and also add from p. 217 of this *Report* the information that the unascertainable amount of profits from abroad is "of some magnitude." For 1905–6 the ascertained amount is :—

	£
From India Government stocks, loans, and guaranteed railways	8,862,807
From colonial or foreign Government securities	22,069,260
From colonial or foreign securities (<i>other</i> than Government) and possessions, "coupons," and railways ..	42,967,198
Total	£73,899,265

This amount of "profits from abroad" is growing rapidly ; it was 7·8 million pounds greater in 1905–6 than in 1904–5, and of this increase 3·6 million pounds was from Indian, colonial, and foreign investments *other* than Government securities, *i.e.* in the department in which it is most difficult to trace the incoming profits.

The last topic in this *Report* is the Local Taxation Accounts. The following table gives the sums collected by the Inland Revenue and handed over to the local authorities :—

Year.				Excise duties.	Death duties.	Total.
				£	£	£
1896-7	..	..	..	4,858,126	3,136,895	7,995,021
1897-8	..	..	..	4,954,549	4,263,192	9,217,741
1898-9	..	..	..	5,104,542	4,245,760	9,350,302
1899-1900	..	..	..	5,265,414	4,499,980	9,765,394
1900-1	..	..	..	5,258,499	4,237,867	9,491,366
1901-2	..	..	..	5,257,767	4,262,887	9,520,654
1902-3	..	..	..	5,317,387	4,201,502	9,518,889
1903-4	..	..	..	5,316,673	4,291,191	9,607,864
1904-5	..	..	..	5,325,952	4,247,556	9,573,508
1905-6	..	..	..	5,342,587	4,376,843	9,719,430
1906-7	..	..	..	5,397,292	4,695,939	10,093,231

The *Local Taxation Account*, 1906-7 (H. of C. Paper, No. 317 of 1907, 23 pp., 2½d.), gives the distribution of the English share (£8,639,130) of this £10,093,231 among the participating authorities.

The Advisory Committee on Commercial Intelligence of the Board of Trade has issued a *Report upon the Conditions and Prospects of British Trade in Australia* (Cd. 3639, 101 pp., 11d.), based upon information collected by their Commissioner, Mr. R. J. Jeffray. The familiar theme that our portion of the colonial trade has been falling off is here corrected in one essential respect, which, however, has not been noticed in the jeremiads of the tariff reformers. The figures are as follows :—

IMPORTS OF AUSTRALIA.

Annual average.	From United Kingdom.	Per cent. of total.	From British possessions.	Per cent. of total.	From foreign countries.	Per cent. of total.
	£		£		£	
1891-5	19,481,622	71·3	3,176,614	11·6	4,676,902	17·1
1896-1900	21,797,887	64·0	3,747,312	11·1	8,217,888	24·3
1901-5	22,895,869	58·3	5,005,286	12·8	11,356,646	28·9

The explanation is, of course, in part due to the industrial growth of other countries, which results in an increased power on their part to compete with us for the Australian market. It is due again, as the *Report* shows in detail, to the superior commercial intelligence of the foreigner, showing itself in a greater willingness to adapt his products to the Australian market. I call it superior commercial intelligence, but it is obvious enough that the British producer may be quite right in refusing to make the necessary alteration in his products; he may lose by doing so, or the possible gain is a small inducement, and the probable loss a great inducement to conservatism. In fact, however,

this ousting of British by foreign products from the Australian market is largely fictitious, because in earlier years a large amount of foreign goods went to Australia via England and were entered as British products. The attempt to distinguish between "countries of origin" and "countries of shipment" was not made till 1905, and when it was made it shows the following result :—

	United Kingdom.	Other British possessions.	Foreign countries.	Total.
	£	£	£	£
Countries of shipment.. ..	23,074,717	5,384,150	9,887,864	38,346,731
Countries of origin	20,319,885	5,188,506	12,821,929	38,346,731

Classes of industry.	Number of persons employed. (Total Commonwealth.)	
	In 1899.	In 1903.
1. Treating raw material, the produce of pastoral pursuits	6,492	5,592
2. Treating raw material, the produce of agricultural pursuits	1,298	1,894
3. Oils and fats, animal, vegetable, etc.	1,452	1,746
4. Processes in stone, clay, wood, etc.	22,381	24,206
5. Metal works, machinery, etc.	33,027	36,376
6. Connected with food and drink	33,760	31,310
7. Clothing and textile fabrics and materials	37,848	53,290
8. Books, paper, printing, and engraving	14,678	17,283
9. Musical instruments	—	254
10. Arms and explosives	—	361
11. Vehicles and fittings, saddlery and harness	7,318	7,526
12. Ship and boat building	1,958	1,979
13. Furniture, bedding, and upholstery	3,915	5,440
14. Drugs, chemicals, and bye-products	1,120	2,001
15. Surgical and other scientific instruments	77	117
16. Jewellery, timepieces, and plated ware.. ..	700	1,121
17. Heat, light, and power	2,509	3,666
18. Leatherware (not elsewhere included)	818	452
19. Minor wares (not elsewhere included)	2,256	1,870
Total	171,107	196,424

The apparent share of the United Kingdom has, therefore, been all along less than its real share. The Victorian Department of Trade and Customs reported in 1896 : "It is a matter of common knowledge that by far the greater part of the foreign goods discharged at Victoria are received from British ports, and are entered in the statistical returns of the Colony as from Great Britain ; the statistical returns do not pretend to show the country of origin, and the return of

direct importations from each country does not give, even approximately, the trade in the produce of that country." In 1894, 12·58 per cent. of 68 articles investigated came from foreign ports, but the Department was of opinion, as the result of careful inquiry, that the amount which came from foreign countries was actually no less than 33·06 per cent.

The object of Australian fiscal policy has been to promote the industrialization of the Commonwealth, and to obtain the highest possible degree of self-sufficiency. The table on p. 478 illustrates the results of the policy so far as statistics of employment can illustrate them.

The increase of the industrial population from 1899 to 1903 is thus 14·8 per cent., while that of the total population may be estimated at 6·6 per cent. The policy is thus drawing a portion of the population out of the primary industries into industries fostered by a tariff aiming at self-sufficiency.

GEORGE W. GOUGH.

REVIEWS.

THE THEORY OF GOOD AND EVIL. By HASTINGS RASHDALL, D.LITT. [2 vols. 312 + 464 pp. 8vo. 14s. net. Clarendon Press. Oxford, 1907.]

Dr. Rashdall is to be congratulated on the appearance of his long-expected Moral Philosophy. These two volumes, comprising as they do a full treatment of current ethical controversies, together with a most interesting and valuable discussion of the metaphysical bases of Ethics, were indeed worth waiting for. As is pointed out in the preface, the general philosophical progress which has marked the last twenty years has, in this country at least, been inadequately reflected in the domain of Ethics. It is, consequently, a truism rather than a tribute to the high worth of the present treatise, to say that it is the most considerable work in this field which has appeared since Green's *Prolegomena to Ethics*.

Perhaps the special quality of Dr. Rashdall's thought may be most satisfactorily described as, in the best sense of the word, very English. In temper, indeed, though not in doctrine, it often reminds the reader of John Locke. It is eminently sane, sober, and judicial. We do not find here the fervour of the prophet of a new creed, or the formulator of a new system. Rather Dr. Rashdall works with the materials of already existing systems, selecting from among them those which commend themselves most to him by their truth to life as he sees it. He is an exceptionally sincere and independent critic, whose own interest, however, is always in construction, never in criticism for its own sake. He is always "on the side of the angels"; but he is peculiarly careful not to accept too easily arguments or theories that make for edification. An exception is admitted here, a familiar argument cast aside there; and there is a continual effort to avoid overstatement. One result of this—a result deliberately incurred—is that his conclusions have not quite the appearance of a completely rounded-off system. Indeed, though he has much in common with writers of what is sometimes called "the Neo-Hegelian" school, he criticizes them somewhat sharply for what he considers to be their tendency to ignore facts, more especially the facts of the moral consciousness, in the interests of a speculative "tidiness." The value of

this sort of criticism is great, whether the criticism be final or not. But occasionally one may doubt whether the writer is quite fair to the opinions which he criticizes : *e.g.* whether he quite does justice to the appeal which system, as system, makes to some minds. This is easily intelligible in view of the historical relation of Dr. Rashdall to Green and his immediate friends and followers. The purely empirical and more or less materialistic views which held the ground thirty or forty years ago, and against which Green and Mr. Bradley tilted—the latter so fiercely—have now been largely dispossessed. Idealism, whether in Ethics or in Metaphysic, has paid the penalty of success ; it has become fashionable. It is often held by second-rate minds in a shallow and superficial way. Traces of contact with such minds and reaction against them, coupled with a steady hostility to developments on the Left by such writers as Mr. Bradley and Professor Taylor, are visible in some of Dr. Rashdall's polemic. In general, his relation to the main stream of Idealism may be likened to that of Aristotle to the Platonic School. In each case there is a substantial measure of agreement against all forms of Naturalism. In each case the first flush of enthusiasm is past, and the position is reconsidered in the light of severely candid common sense. In each case there is a greater sense of difficulties, and a store of criticism which is, as a whole, true and valuable, but is sometimes a little unfair, just because the teachers criticized are partly viewed through the medium of disciples of inferior calibre.

Another markedly Aristotelian element in Dr. Rashdall's thought is the great respect paid to the considered judgments of the *φρόνιμος*. His effort is always to find what, in reference to one particular problem, the question of vocation, he calls "a solution which may commend itself to 'common sense' without in any way repressing the highest moral aspirations" (ii. p. 122). Again and again in the course of these volumes difficult questions are brought to this tribunal. Much of the polemical parts of them is directed to the vindication of its authority against the arguments of Mr. Bradley. Our moral judgments may be inadequate, but we have no more adequate judgments by which to condemn them. And at least they give us more positive truth than a vague agnosticism. The result of this line of thought is an attitude which should commend itself not only to students of philosophy, but to thoughtful men generally.

The whole work is divided into three Books. The first is entitled "The Moral Criterion," and, with little reference to ultimate metaphysical considerations, deals with the question—What is Right, and why ? It consists in a criticism and comparison of the more prominent

ethical theories of modern times, and in an attempt "to bring together the various elements of truth contained in the conflicting theories and to arrive at a view which will embrace and harmonize them, while avoiding the mistakes and exaggerations which each, taken by itself, can be shown to involve." Book II., "The Individual and Society," treats at rather greater length of some of the questions suggested by its title. Book III., "Man and the Universe," to philosophers probably the most interesting part of the whole work, is a discussion of the metaphysical justification of morality. It will be seen that the ground covered is very wide. Dr. Rashdall deals in a clear and penetrating manner with problems of the profoundest speculative importance; and at almost every turn controversy and discussion are possible. His book will no doubt receive in the proper quarters the close examination which it merits. Within the limits of this review it is impossible to attempt a critical estimate either of arguments or of conclusions. All that is feasible is to indicate the general lines along which the thought moves.

Dr. Rashdall begins with an examination of Hedonism. He distinguishes clearly between "Psychological Hedonism," i.e. the doctrine that pleasure is the only possible object of desire, and the "Rational Utilitarianism" of Sidgwick, who admits the existence of desires for other things than pleasure, yet retains pleasure in some form as the *summum bonum* and the ultimate goal of moral endeavour. The confusions of the former and its essential "hysteron-proteron" are shown on the usual lines. "There is undoubtedly pleasure in the satisfaction of all desire. But that is a very different thing from asserting that the object is desired because it is thought of as pleasant, and in proportion as it is thought of as pleasant" (i. p. 15). Yet "between the desire of an object and the desire of the pleasure arising from that object it is not possible to draw a sharp line of demarcation; the one is ever passing into and colouring the other" (i. p. 34). Moreover, "pleasure, though not the only object of desire, is nevertheless one possible object of desire" (i. p. 36). Green's argument as to the impossibility of desiring a sum of pleasures is dismissed as invalid; and another stock argument, "the paradox of Hedonism," though allowed to be of force against a life devoted solely to pleasure-seeking, is not allowed to be valid in regard to particular pleasures. "It is not a matter of experience that pleasure is diminished by being provided and contrived for beforehand" (i. p. 38). Sidgwick's position is criticized on the ground of ultimate self-contradiction. "There is in the last resort no way of refuting the Sidgwickian or any other moralist but by showing that he actually misrepresents the content of the moral

consciousness. And this, I have tried to show, the Sidgwickian moralist conspicuously does. He abstracts one half of the moral consciousness as it actually exists, and attempts by the aid of it to silence and confound the other half. He accepts from the moral consciousness the abstract idea of value, of intrinsic and objective worth, and at the same time divorces it from that idea of the intrinsic worth of promoting what has worth, which is *de facto* found in inseparable conjunction with it." The possibility of a quantitative comparison between all pleasures (as also between pleasures and all other goods) is defended against Green and Professor Mackenzie (Book II. chs. 1 and 2). Finally, it is argued that "self-realization," as a description of the ultimate aim of morality, involves many of the same intellectual difficulties and even of the same moral dangers as Hedonism.

There follow chapters on "Intuitionism," "The Categorical Imperative," and "Reason and Feeling." All contain much criticism. The impossibility of judging acts without reference to consequences, the barrenness of Kant's formulæ as a criterion of morality, the objectivity of moral judgments and the impossibility of deriving that objectivity from any feelings of approbation, are all strongly asserted. But, in each, elements of truth are noted and, as it were, laid aside for use. Hence, when all these theories have been discussed, we pass naturally and with a full store of tested materials to Dr. Rashdall's own constructive theory. The arrangement recalls Mr. Bradley's *Ethical Studies*, with its successive chapters, "Pleasure for Pleasure's Sake," "Duty for Duty's Sake," and "My Station and its Duties." But here the earlier chapters are much less exclusively negative and dialectical.

"Ideal Utilitarianism" is the title which Dr. Rashdall employs to describe his own view. It "combines the utilitarian principle that Ethics must be teleological with a non-hedonistic view of the ethical end" (i. p. 184). The end consists in a Well-being which does not admit of exact definition. Virtue is the chief ingredient: but it includes also pleasure, culture, and many other things. "This indefinable Well-being or *εὐδαιμονία* . . . is itself made up of elements of consciousness—feelings, volitions, emotions, thoughts, activities—each of which is itself an object of moral valuation" (i. p. 94). The position may be made clearer by the help of the distinction between "Good" and "Right," which Dr. Rashdall puts in the forefront of his thought. "The fundamental idea in morality is the idea of value, in which the idea of 'ought' is implicitly contained" (i. p. 137). "Good" is an intellectual category, but is indefinable. The error of many philosophies consists precisely in the attempt to explain in

terms of anything other than itself. Nor is it dependent on any metaphysical foundation, though it supplies important data to metaphysic. "No ethical truth can possibly be deduced from or proved by any metaphysical considerations which are not ethical." "The idea of moral obligation . . . is one of those immediate data of consciousness from which the idea of God may be inferred" (ii. p. 103). On the other hand, "that action is right which tends to bring about the good" (i. p. 135). That is to say, Good is logically the prior conception; and Kant's mistake largely lay in beginning at the wrong end. Things must be good or bad in themselves before we can adopt a rational attitude towards them. Now, our decision as to what is good is a matter of intuition, i.e. of immediate *à priori* judgment. "The sole ultimate source of moral truth is the immediate affirmation of the individual consciousness" (ii. p. 166). "In all questions of ultimate ends, argument is impossible" (i. p. 92). But, as a matter of fact, most thoughtful men do think alike.

Roughly, then, "Good" is a term applicable to ends, "Right" to means. Unfortunately, many good things are, in the world of our experience, incompatible with one another. In such cases it is right to aim at the greatest attainable quantity of good. In practice most moral problems consist just in this weighing of goods against one another, and here no intuitions will help us. It is a matter of difficult calculation based on experience, and always liable to revision in the light of fresh knowledge. By means of this distinction, Dr. Rashdall is able to answer effectively the charge of self-contradiction brought by Mr. Bradley and others against our moral judgments. Two good things may be pronounced incompatible; but there is no theoretical difficulty in that, since good is good even if it has to give way to a greater good. On the other hand, there can never be more than one right course, namely, that which will produce the greatest quantity of good on the whole; however difficult in practice, and with imperfect knowledge, it may be to be sure which is the right alternative.

It is in the chapter on Justice in Book I., and those on Vocation and Authority in Book II., that Dr. Rashdall comes nearest to those problems with which the *Economic Review* is specially concerned. But even here he confines himself in the main to the discussion of very general principles. And though he lets it be seen that he is in favour of a considerable degree of social reform in practice, he is, in the region of principle, chiefly occupied with protesting against any crude *à priori* ideal of Equality. "We cannot talk about the value of the 'individual,' apart altogether from the consideration what sort of individual it is" (i. p. 239). And the Benthamite maxim is only

accepted when remodelled as follows : "Every one is to count for one so long as all we know about him is that he is one," or "Every man's good to count as equal to the *like good* of every other man" (i. p. 240). Dr. Rashdall summarizes his general attitude thus : "(1) Some inequality is a condition of Well-being" (since some liberty of action is such a condition, and this implies inequality). "(2) There is only one sort of equality that is always practicable and always right, and that is equality of consideration, since we can always (ideally) give each individual equal consideration in making up our minds whether this or that will be, on the whole, for the general good ; (3) While it is certainly a duty to aim at a social constitution which shall bring about more actual equality of good, it must not be assumed *a priori* that such equality will always be secured by increased equality of wealth or political power, or by any other kind of external equality whatever" (i. p. 234). But the view that equality of distribution is *per se* a good is not wholly cast aside. "Some sacrifice of individuals to the whole is, indeed, prescribed by the just claims of the majority. Too great a sacrifice of individuals does present itself to us as unjust even when it might be prescribed by the principle of maximum good" (i. p. 269). This modification of the pursuit of the maximum good in the interests of equal distribution is justified from the side, not of the recipient, but of those who distribute. "An abstract distribution cannot be a good, but a disposition and a will to distribute justly may be." The reader will probably feel that Dr. Rashdall, in order to justify the actual verdict of the moral consciousness, has here followed a line of thought not quite consistent with his general position. For he here seems to suggest that a certain kind of moral activity may be right, simply because of the motive from which it springs, though the object aimed at has no intrinsic value whatever.

An interesting feature is the chapter on Vocation, a subject, as Dr. Rashdall complains, unduly neglected by moral philosophers. The problem is worked out with reference to the general end of Ethics. But one of the most important data for each individual is held to be his own temperament, *i.e.* those moral qualities which are not under the immediate control of the will. The chapter on Authority and Autonomy which follows is marked by the author's usual judicial moderation. The great and largely beneficial influence of environment is fully recognized. "The greatest of moral revolutionaries have owed not less to their environment than the most rigid traditionalists" (ii. p. 156). But there always remains some individual choice. "The individual is not a member of one 'society,' but of a network of (if we may so say) interlacing 'societies,' each of which has its more or

less clearly defined and more or less peremptorily enforced ideal" (ii. p. 161). Hence the ideal which the individual ultimately adopts is "an ideal deliberately chosen and selected . . . from a number of competing social ideals" (ii. p. 164).

The most interesting parts of Book III. are chs. 1 and 3, on "Metaphysic and Morality" and "Free-will." That Ethics is largely independent of Metaphysic has already been shown. Nevertheless, there is an intimate connexion between them. In Ethics "we are dealing with such a large and fundamental aspect of ultimate Reality that it is practically impossible to deal with it thoroughly without taking a very important step towards the determination of our attitude towards Reality as a whole" (ii. p. 193). Ethics contributes to Metaphysic, and Metaphysic reacts on Ethics; some metaphysical theories indeed being inconsistent with an objective morality. The demands on, or contributions to, Metaphysic which Ethics makes, Dr. Rashdall states in the form of four postulates. The first and most fundamental is the independent and continuous existence of the individual self. It is in making this assertion in the interests of Morality that Dr. Rashdall most clearly separates himself from writers of the Hegelian school. His criticism of their views approximates to that of Professor Andrew Seth in *Hegelianism and Personality*. The second postulate, the existence of God, is based on a somewhat more abstract argument. "Only if we believe in the existence of a mind for which the true moral ideal is already in some sense real, a mind which is the source of whatever is true in our own moral judgments, can we rationally think of the moral ideal as no less real than the world itself" (ii. p. 212). The third postulate, that of Immortality, is based on the fact that there must be a surplus of good over evil, if we are to think of our life as due to a perfectly good will. The fourth postulate is the negation of the Optimism, which asserts that the world is the best of all conceivable worlds and which tends to make Reality the criterion of Value. To hold that evil is, in any sense, unreal, seems to Dr. Rashdall to lead to the undermining of moral effort. He is an Idealist in so far as he holds that Matter only exists for Mind, or that nothing is ultimately real but conscious beings and their states, but he could not re-echo the last sentence in *Appearance and Reality*—"the more that anything is spiritual, so much the more is it veritably real."

It will be remembered that Dr. Rashdall was a contributor to *Personal Idealism*. In the preface to that book, its aim is stated to be a polemic against Naturalism on the one hand and "Absolutism" on the other. This double aim is characteristic of Dr. Rashdall's thought; and, more perhaps than any other of the essayists, he puts emphasis

upon moral experience (though he is utterly out of sympathy with the Pragmatism which has been developed by some of his collaborators). His ultimate position has considerable affinities with that of Lotze. He attempts to steer a middle course between an Hegelian monism and the pluralism of Professor Howison or Dr. McTaggart. God is not the Absolute. The Absolute consists of "God and the lesser spirits who derive their being from Him. . . . Together they form a Unity, but that unity is not the unity of self-consciousness." God is the cause of all finite spirits; but these, once caused, are, in a sense, independent of Him. His moral perfectness can only be maintained, if we admit, in language which Dr. Rashdall fully acknowledges to be anthropomorphic, a limitation of power. But it is impossible in a summary to do justice to this section.

In the chapter on Free-will, Dr. Rashdall is seen at his best. It is mainly devoted to one branch of the subject, the alleged moral arguments for Indeterminism. These are here weighed and found wanting. The discussion is peculiarly valuable owing to the great ability and fairness of the argument, and the fact that the writer is one who is willing, in the interests of a genuine demand of the moral consciousness, to admit even an ultimate antinomy. It is especially to be hoped that this chapter may be studied by Apologetic writers, who are too apt to plunge into a vague Indeterminism, without examining adequately either the grounds or the consequences of their position.

W. H. MOBERLY.

LE PLAY : D'APRÈS SA CORRESPONDANCE. Par CHARLES DE RIBBE. [2^{me} édition. 266 pp. Lecoivre. Paris, 1906.]

This second edition of Le Play's Life and Letters reminds us again of the life of a strenuous worker, one who devoted himself to social reform in France during the middle of the last century. The Life is written by his friend and colleague, de Ribbe, while M. Joly prefaces the book with a few words of appreciation.

The story of Le Play's life is first told. It was a long and laborious life. Le Play was skilled in metallurgy, but after 1848 he gave himself up entirely to the cause of social reform. In this his work was unremitting; with infinite pains and patience he collected and noted economic facts and conditions. For this purpose he travelled in other countries, as well as observing social life in remote parts of France. He took no part in party contests, and was so entirely disinterested that he obtained little advancement outside his own sphere of work. Yet some recognition was inevitable, and we hear of his coming forward

in the cause of labour at the Exhibition of 1867, and in discussions with Napoleon III. concerning reform. The crisis of 1870 again made him prominent. None had been more grave than himself on the subject of the social evils in France, yet when the disaster came he remained hopeful, and did all that he could to turn it to the good of his country.

His works also brought him some fame. They were the result of years of patient research, and two of them, *La Réforme Sociale* and *L'Organisation de Travail*, are the fullest exponents of his ideas. We find here much repetition of his main theses, earnestly urged, and burning with personal zeal, yet always supported by facts. He pointed out that rural life in France had been crushed; that it must be restored by individual effort; that the saving agencies were to be God, the Family, and Property. Property was to hold the family together, it was to give stability, responsibility, patriotism. He wished to preserve what was best of the past, much of which had been sacrificed under the influence of J. J. Rousseau and the Revolution of 1789. He upheld religion and morality as expounded in the Decalogue, also the duty of the ruling classes of society in their character of employers of labour. But rural society was his chief care, and in this connexion he was eminently practical. He tried to obtain from the Government some freedom at least of bequest for peasant proprietors, in order to prevent the compulsory sub-division of small estates. He was a conservative in the sense of striving to return to the simple basis of life—the family on its own land. But he worked on no *a priori* theory; he studied the historic conditions of the past, and the actual conditions of the present; then he tried to fit the remedy to the actual need.

His work was appreciated by Sainte-Beuve and by Montalembart; but party politics or other interests prevented him from obtaining practical support from those in power. He himself considered that de Tocqueville was not sufficiently constructive, and that his theories led to no definite conclusion.

His love of country was his deep abiding passion, and it is for this that his biographer praises him. De Ribbe's narrative is imbued with admiration for his subject. The book is not very clear in other respects; the reader must have some knowledge of the events of the time in order to follow the course of Le Play's life. There are many repetitions, but no general description of the state of politics and parties. One failing Le Play seems to have shared with many of the reformers of that age—an undue confidence in the healing powers of law. Like the Chartists and the early Liberals, he counted too much upon the potency of outward reform. De Ribbe does not see this,

nor any other defect in his hero ; he is full of the enthusiasm of a disciple.

After the chronological view of Le Play's life there is a collection of his letters, chiefly those addressed to De Ribbe himself, and these add life to the preceding narrative. De Ribbe's researches in Provence were of the same kind as Le Play's own social investigations ; and this formed a bond of union between them. The letters form the most interesting part of the book, as they present the man himself, the patriot and friend. As M. Joly says in his preface, the book should make us turn to Le Play's own works ; in any case, it cannot fail to make us interested in one so devoted. He is one of those silent workers who laboriously collect materials, and then leave the world with little renown, while others use the result of their labours.

M. W. MIDDLETON.

THE SANITARY EVOLUTION OF LONDON. By HENRY L. JEPHSON, L.C.C. [440 pp. 8vo. 6s. net. Unwin. London, 1907.]

For the manner in which he has carried out the difficult task he undertook, Mr. Jephson deserves, in many respects, the gratitude of the general public, and of students of social questions in particular. The labour involved must have been immense, and Mr. Jephson has been at pains to master the voluminous publications available, to the extent—if the paradox may be permitted—of being in turn overwhelmed by them. He has, indeed, subordinated the philosophic to the purely historical side of the narrative : and has contented himself with tracing facts as he saw them, leaving it to others to draw conclusions.

At once gruesome and attractive, this history reveals sometimes horrors resembling some of those which accompanied the Great Plague of London. Public neglect often amounting to positive obstruction, and private cupidity of the true *laissez-faire* type, were responsible for a condition of things that we of the present can hardly imagine. Up to a point the whole history, in the felicitous phrase adopted by Mr. Jephson, has been that of a "war against vested interests in filth and dirt." The first chapter throws lurid light on the system of no government that prevailed till 1855 ; but from that time onwards the history, in spite of many obvious defects, is one of slow but steadily quickening improvement. Probably the turning-point was the formation of the much calumniated Metropolitan Board of Works, to which perhaps the largest share of improvement is due. The elected County Council, to which in its turn it gave way, may, on a superficial view,

have achieved proportionately more : but it inherited a well-thought-out system and a developed machinery, which its predecessor had to create, and for which it had to clear the ground. It is satisfactory, too, to get from such an authority as Mr. Jephson the definite statement that charges of corruption only attached to a very small minority, and not, as some would have us believe, to the whole of that Board. Finally, the bringing up to date of the parochial authorities by the substitution of borough councils for vestries is perhaps the last link in the modernizing of our local governing bodies.

Great cause, however, as there is for gratitude, one cannot but feel that this is a book written in a hurry. There is far too little arrangement, whilst there is often a diffuseness that might well have been avoided. Much, too, that might have been done to render the general course of events more easy to follow, and at very little trouble to the author, has been omitted. For instance, there is no synopsis at the head of each chapter, and absolutely no statistical tables—both really necessary additions : whilst a list in an appendix of the various Sanitary Acts would have been a welcome boon. The whole work, indeed, is less a book than a collection of materials for a book : and, if he will excuse the comparison, Mr. Jephson recalls that King of Israel who smote thrice and stayed. For having successfully accomplished the heavy task of grappling with the vast masses of documents, he has yet failed at the slighter task of rendering his results into a lucid and coherent narrative of the whole.

N. B. DEARLE.

STUDIES IN SOCIALISM. By JEAN JAURES. Translated, with an Introduction, by MILDRED MINTURN. [xviii., 174 pp. 8vo. 1s. 6d. net. Independent Labour Party. London, 1906.]

SOCIALISM. By JOHN SPARGO. [257 pp. 8vo. 5s. net. Macmillan. New York, 1906.]

An earnest Christian, who reads the Socialist literature of the day, must often lay it down with a feeling of bitter disappointment and regret. There he finds men who are obviously ennobled by the very highest ideals, enkindled with a deep sense of human sympathy, and burning with a desire to raise the oppressed classes, and to redress the wrongs and adjust the inequalities of life. Yet amid all this "enthusiasm of humanity" there is just something wanting ; the spirit of the Incarnation is conspicuous by its absence. Many Socialists seem to have no conception of the redemptive power of

Christianity, of its power to turn aside the passions of men from self-seeking and self-interest into the paths of self-sacrifice; they fail to realize that a general selfishness and hardening of character must almost inevitably result from want of the Christian creed. The two authors, whose names head this column, are no exception to the rule. They are victims of the fallacy that Socialism alone is the one panacea to rid us of all the social evils that blot the face of the civilized world to-day; Socialism alone, without any other leavening influence, is to work this miracle, to cure the moral disorders, and to uproot selfishness from the hearts of men. "The coming of Socialism," writes Mr. Spargo, "means the coming of human brotherhood, the long, long quest of humanity's choicest spirits" (p. 4). M. Jaurès' book is pervaded by this thought. "Socialism . . . restores humanity to its highest level" occurs in the first paragraph he writes. Surely it shows a want of foresight to believe that a social and economic revolution, such as they contemplate, will also be accompanied by a revolution in human nature, and make men willing "co-operators in the universal civilization," where the effort of each would be supplemented by the co-ordinate effort of all" (Jaurès, pp. 20 and 267). Ambition and self-interest are not likely to govern men's motives less under a Socialist *régime* than they do under the present conditions of society, unless by that time the Christian law shall have come to exercise a wider sway over the mind and actions of mankind. More especially is this true, when we discover what is Mr. Spargo's attitude towards religious education in his outline of the Socialist State. The Socialist *régime* "would probably not content itself with refusing to permit religious doctrines or ideas to be taught in its schools, but would go further, and, as the natural protector of the child, guard its independence of thought in later life as far as possible by forbidding religious teaching of any kind in schools for children up to a certain age" (p. 238). Such books as these only serve to convince one more and more of the work that has to be done by such societies as the Christian Social Union in bringing the whole meaning and force of the Incarnation to bear upon all the social relations of life, and in striving to save the country from any economic or political system in which the Christian law is to remain unrecognized.

So much for criticism. Apart from the objection just raised, there is nothing but praise to be extended to the authors of these books. Mr. Spargo gives us a really admirable study of the Socialist position; he traces the history of the development of Socialism from the early years of the nineteenth century, interspersed with some delightful

pictures of Robert Owen and Karl Marx. And he deals very ably with the scientific aspect of Socialism, applying it to the economic problems presented throughout the world, and more particularly in America to-day. M. Jaurès, on the contrary, in his series of miscellaneous sketches, deals with the political problem that Socialism has to face, and outlines the best tactics to be pursued by Socialists and Labour M.P.'s in Parliament and in the country. Karl Marx is Mr. Spargo's infallible prophet, whose word is law; and the *Communist Manifesto* of 1847 supplies him with the perfect programme and statement of the Socialist position. On the other hand, M. Jaurès devotes one long essay to the criticism of Marx and Engels, and the method expounded in *The Manifesto* (pp. 40-80).

Mr. Spargo's book will be found to be a helpful and illuminating introduction to Socialism by any one who wishes to begin the study of the problem. No better work could have been done for this purpose, excepting always the qualification already mentioned. M. Jaurès' book should be read by all who are interested in the position of the Labour Party in Parliament. It sounds a note of warning against all extreme or revolutionary measures, and advocates a peculiarly sane method of furthering the cause. It is especially interesting at the present day, in face of the attitude that the author himself is now adopting in France in support of the new and progressive ministry of M. Clemenceau.

G. B. CARLISLE.

THE INDUSTRIAL ORGANIZATION OF AN INDIAN PROVINCE. By THEODORE MORISON. [337 pp. 8vo. 10s. 6d. net. MURRAY. London, 1906.]

This analysis of the economic make-up of an Indian province has been especially designed by the author, the late principal of the well-known Mohammedan College at Aligarh, for Indian students. But it ought to have an interest for English students as well. He points out that the economic text-books usually introduced to the Indian's notice are for him too purely abstract, because their axioms are illustrated from a framework of society absolutely foreign to him. The aim of the book is to show the relation of the principal economic facts in the Indian's own social world to the abstract theory of economics which he learns in his text-books. The author observes, "So far as I know, no attempt has yet been made to examine Indian industry from the point of view of the economist." Conversely, it may be well for the

European to learn how far axioms evolved from the observation of the phenomena of Western civilization may be applicable to the hitherto static conditions of the East.

Mr. Morison considers that, though it does not assert itself in precisely the same ways, competition is, nevertheless, a factor in the economic life of India as well as of Europe. Till very recently, the possibilities of intercommunication have been so defective as to compel the village communities, of which the population is largely composed, to remain isolated and economically self-dependent. Therefore subdivision of labour, with the chain of economic results which ensue from it, has been non-existent. Unlike the English farmer, the Indian cultivator finds his chief market among the members of his own household. The half-dozen artisans who pursue their inherited trades in the village—carpenter, blacksmith, washerman, potter, and so on—are recompensed chiefly in kind, receiving so many seers of grain at harvest. Labourers paid by wages are a small minority. As two-thirds of the population in the North-West Provinces, of which the author is speaking, are agricultural, the questions of rent, taxation, and usury assume in their lives the prominent part played by the rate of wages and the price of necessities in the life of the European workman. Of late years, the demand for labour on public works set on foot by the Government has introduced a form of competition of which the artisans derive the benefit in higher wages.

The charge of prejudice against all improvements in methods of cultivation so commonly brought against the *ryot* is considered by the author to be much exaggerated. He prefers, it is true, to scratch the surface of his land with a primitive plough to driving a deep furrow with a more modern instrument, and his preference is justified. His small underfed oxen have not strength to draw a Western ploughshare, and if they could, the result would be to expose a greater surface of soil to the rays of a torrid sun, which would suck out every atom of moisture. It is, however, true that, ready as the cultivator is to borrow money, he is not ready to invest it in improvements. It is more often spent in wedding festivities, or paying off former debts, or in buying seed against next sowing-time. Ten or twelve per cent. is an extremely moderate rate of interest, and yet to increase facilities for borrowing would, it is argued, encourage the peasant in extravagance, until his last state would be worse than his first.

The sketches of the homes and home-life of the peasantry, quoted in the chapter on "Division of Labour" are among the most generally interesting passages in the book.

C. H. D'E. LEPPINGTON.

DIE ARBEITERVERSICHERUNG IM AUSLANDE: Herausgegeben von DR. ZACHER. Heft XVII. Die Arbeiterversicherung in den Vereinigten Staaten von Nord Amerika, beschrieben von CHARLES RICHMOND HENDERSON, Ph.D., Department of Sociology of Chicago. [LXIV. 132 pp. Large 8vo. Troschel. Berlin, 1907.]

Notwithstanding that the account given of "Working Men's Insurance in the United States of America" goes very near suggesting the famous chapter about "Snakes in Ireland," this is one of the volumes of Dr. Zacher's admirable *Encyclopædia on Working Men's Insurance in the World* which promises to appeal most strongly to the interest of British and English-speaking readers. In the sense in which Dr. Zacher no doubt would best like to employ the word "working men's insurance"—that is, State supervised, compulsory insurance—there is very little indeed in a practical way to be reported upon in the States. The Federation has imposed employer's liability upon common carriers. And there are some State measures in force. However, on the whole the States stand to-day very much on the same point on which we stood in 1897, before the introduction of our first Workmen's Compensation Bill, with this difference: there is very much less of friendly society provident action in the States than we then had here; but on the other hand, the institution that has in America become popularly known by its German name of "Workmen's Welfare Institution" is more developed. Millionaires try to be kind and fair to their workmen. The State does not interfere. There is no legal obligation imposed upon employers to pay, or upon workmen to contribute. And while this matter remains one for the individual States rather than for the Federation, there is little prospect of legislation on the subject being adopted, because every fresh burden laid upon the manufacturers of one State must needs cripple them in their competition with manufacturers of others. There are very interesting voluntary institutions which, so far as their effect goes, provide substantially for the weaker and the worn-out of the national labour army. The task of describing such could not have been committed to a more competent student of these things than Dr. C. R. Henderson, who is already creditably known as an adept writer on the question. But it is not surprising to find that, like ourselves ten years and more ago in this country, he should cry out for more, for something compulsory, something general, something resembling German labour legislation.

What gigantic and beneficent results that legislation has produced the reader is enabled to judge from a most instructive and opportune

conspectus of its effects which the editor of the series, Dr. Zacher, long a leading departmental chief in the German Imperial Insurance Department, and now Director of the Labour and Sociological Section of the Imperial Statistical Department, has prefixed to the volume by way of Preface to the new volume (the fourth), of which the present number forms the first instalment—a preface extending over sixty-two pages of print, and therefore allowing scope for very full and varied information such as must be welcome. Dr. Zacher has every reason to be proud of the success of the work to the progress of which he has himself so largely contributed. His advocacy, it is quite true, would go further with Englishmen if he abstained from placing compulsory working men's insurance on a par with Protection. That is for us rather like placing the aloes on the outside of the dinner pill.

To ourselves his pleading would prove far more convincing without his dragging in of this absolutely foreign element. However, of course he had his German public to think of. The burden which giving the workman his due imposes upon employment, is shown to be a heavy one. It amounts at present to more than £25,000,000 a year, that is, £75,000 a day. However, employment has not in any way broken down under it, and, at any rate in part, it is, after all, only a debt due and therefore requiring to be paid. However little, according to our British views, the workman may be entitled to have his sick and old-age relief paid for by some one else, manifestly employment accidents are not a matter that he himself can be legitimately charged with.

HENRY W. WOLFF.

SHORT NOTICES.

THE ECONOMIC DEVELOPMENT OF A NORFOLK MANOR.

By F. G. DAVENPORT, Ph.D. [x. 106; cii. pp. Royal 8vo. 10s. net. Cambridge University Press, 1906.]

This book is to be welcomed both as evidence of the interest which our mediæval institutions are exciting in America, and as a valuable contribution to the history during some three centuries of English agriculture and land tenure. Its purpose is "to give such information regarding the economic conditions in the will and manor of Forncett in 1565, as can be gathered from the extant records of the manor." The materials in the case of Forncett appear to be unusually rich, and the careful digest of them which the authoress presents to us must have involved an amount of work which is not to be measured by the

number of pages of text. Particularly interesting is the evidence as to the nature and rate of the changes in tenure and personal status in the later Middle Ages. One may note a tendency traceable through several generations to the consolidation of land into more or less considerable holdings: the steady conversion between, 1400 and 1500, of land let on lease for terms of years into land held at a perpetual rent (perhaps it would be better not to say, with the authoress, "fee-form") at the will of the lord, according to the custom of the manor—a thing to make the orthodox real property lawyer rub his eyes; and the gradual disappearance of senile status due to movement of population, side by side with its persistence into the second half of the sixteenth century in isolated cases of families who remained in the manor, or could be traced. Some of these last survivors of villeinage must have been persons of wealth: one of them seems to have undertaken to pay £120 for the freedom of himself and his family, with subsequent disaster to himself: for his sureties, who were called upon to pay for him, obtained admittance to the sixty-six acres which he had mortgaged to them (see pp. 90 and xci.; the authoress seems hardly to have realized that the conditional surrender was, in fact, a mortgage).

The appendix contains reprints of some of the more important documents as well as some results in statistical form.

THE ENGLISH FACTORIES IN INDIA, 1618–1621. By

WILLIAM FOSTER. [xlv., 379 pp. 8vo. 12s. 6d. net. Clarendon Press, 1906.]

We have here a continuation of the correspondence already edited by Mr. Foster in his *Letters received by the East India Company from its Servants in the East, 1602–17*. The present collection comprises four hundred and sixty letters, of which only a few have already appeared in *Purchas his Pilgrimes* or elsewhere, the rest having been hitherto unpublished. For the most part only a *précis* is given, but Mr. Foster assures us that all passages of sufficient importance are quoted in full. In the verbatim passages the seventeenth-century spelling has been retained. The letters themselves are preceded by an epitome of and comment upon their contents under the title of introduction. They deal as much with the exertions of the English merchants to extend their trade to Persia, Arabia, and the East African littoral, as to establish it on a firm basis in Hindostan itself. From the complaints made by their factors, it is evident that the company was not always happy in its choice of articles exported to that country. Kerridge, head of the Surat factory, and, as President of the Council

of English merchants there, the official precursor of the Viceroy in Council, writes home, warning his principals that the swords sent "are neather the right make nor very good," and "so exceedinge heavy as few men can use them," that wine and strong waters are useless except as presents, and that folding-cases, table-books, and purses are of little use even as presents. But there was a demand for tin, coral, sandal-wood, and amber. A good deal of light is incidentally thrown, as Mr. Foster points out, on the contemporary economical condition of India, on prices, insecurity of the roads, and the weakness of the central government. On the other hand, Sir Thomas Roe himself remarks of the native government that "their justice is generallie good to strangers," and that many of the troubles of which the English complained so loudly were caused by their own disorders. The book is one for students to quarry in.

THE COAL QUESTION. By the late W. STANLEY JEVONS, LL.D., F.R.S. Edited, with an Introduction, by PROFESSOR FLUX, McGill University, Montreal. Third Edition. Revised. [vi., 465 pp. 8vo. 10s. net. Macmillan. London, 1906.]

This new edition will be welcome, as it will place this well-known work within the reach of a new generation of students who could not secure copies of the earlier editions. It has been excellently edited, and the statistics brought well up to date. Professor Flux has altered the original text wherever found necessary for correctness with admirable success; and he has ably avoided a redundance of footnotes. But there has been no sacrifice of the Jevonian character of the work. The book has a sustained interest throughout, due to its intrinsic merit; and one feels that it is still ahead of all other contributions to the coal question.

The Coal Commission of 1866-71, which was a direct outcome of the volume under notice, ignored, as did the recent Royal Commission on Coal Supplies, the crux of the problem, as urged by Jevons in 1865. In substance, Jevons insisted that the cost of production of coal in this country, as compared with the cost in other countries, must rise perceptibly within a century. The faster we work away our most accessible supplies, and are driven to mine deeper as years go by, the sooner will this take place. Hence he sounds a note of warning, urging us to prolong our national prosperity by a less hurried exhaustion of our coal supplies. The history of coal output and prices already confirms his anticipations in essentials. It is hardly any use to learn the duration of our coal supplies unless we are also told approximately how long we may hope to maintain a progressive annual output at a

cost which will enable us to compete actively in the markets of the world. This is a problem which Jevons could not get the country to realize, and, when Royal Commissions fail to grasp the problem, ordinary mortals are excusable.

**DIE EINKOMMENSTENER IN DER ENGLISCHEN
FINANZ-POLITIK UND -LITERATUR bis zu WILLIAM
PITTS-TODE. Von PROFESSOR D. ALFRED MANES. [124 pp.
4. Jena. Fischer. 1907.]**

It is not altogether surprising that when casting about for a suitable subject to write upon for a birthday offering to present on behalf of his friends to the septuagenarian Professor Lexis, Professor Manes should have hit upon our British "Income"—or more correctly, since 1803—"Income and Property" Tax. The subject is, at the present time, very much to the fore in more countries than one. Ministers of Finance and political economists are racking their brains for expedients by which to meet the inherent difficulties of the levy. We have gone on patiently or impatiently paying the tax for more than a century. But there is no really satisfactory treatise upon it.

Professor Manes in the present volume deals only with the origin and the very earliest history of the tax. His object is to show by what steps we arrived at levying it, and ordering it, as in the main we still retain it. He detects in its genesis the influence of the French Revolution, which now has almost every modern change fathered upon it. It is, of course, impossible to disprove the author's assertion. However, Professor Manes himself shows that there were suggestions made for levying an income tax before the time of the French Revolution, and that the Low Countries hit upon the idea as long before as in 1542. The author is scarcely quite fair to Adam Smith, whom, of course, it is the fashion at present to hold in abhorrence in Germany.

Professor Manes has evidently been exceedingly careful and painstaking in the selection as well as collection of his material; and he has produced a work which is well worth the perusal of British political economists.

**REPORT ON THE PHYSICAL CONDITION OF FOURTEEN
HUNDRED SCHOOL CHILDREN IN EDINBURGH, TO-
GETHER WITH SOME ACCOUNT OF THEIR HOMES
AND SURROUNDINGS. [136 pp. Fol. 5s. net. King.
London, 1906.]**

LEGISLATION IN REGARD TO CHILDREN. Report of the

Proceedings of the Special Conference in London, May 22 and 23, 1906. [88 pp. 8vo. 1s. net. King. London, 1906.]

These two reports witness to the larger and growing interest which is being taken in the welfare of children, and both are entirely welcome. The Edinburgh investigation, managed by the Charity Organization Society, was limited to a particular school, but has been thoroughly done. Visits were paid to 781 families, representing 1389 children attending the school. Out of this total, 142 parents are returned as unskilled labourers, while 242 mothers are wage-earners, though only 153 are in regular employment. Of the children, 175 are at work, and earn on the average about 2s. 6d. a week. Out of the 781 families, 18 were teetotal, 275 sober, 425 drunken, and drink was suspected in 63. The medical inspection of the children was carried out in a most complete and systematic manner.

The Report of the London Conference, organized by the British Committee of the International Congress for the Welfare and Protection of Children, provides a great deal of valuable information with regard to such subjects as Remand Homes, Children's Courts, the Probation System for Young Offenders, and "Cantines Scolaires."

ACTUALITÉS SOCIALES. [Institut Solvay, Misch et Thron. Bruxelles et Leipzig, 1906.]

a. 1. *Une Expérience Industrielle de Réduction de la Journée de travail.* Par L. G. FROMONT. 2. *Ce qui manque au Commerce Belge d'Exportation.* Par G. DE LEENER. 3. *De l'Esprit du Gouvernement Démocratique.* Par ADOLPHE PRINS. 4. *Les Régies et les Concessions Communales en Belgique.* Par ERNEST BRES.

b. *Monographs on Anthropological Sociology.* 1. *Fascicule. Formules d'Introduction à l'Energétique.* Par E. SOLVAY. 2. *Esquisse d'une Sociologie.* Par E. WAXWEILER. 3. *Les Origines Naturelles de la Propriété.* Par R. PETRUCCI. 4. *Sur quelques Erreurs de Méthode dans l'étude de l'Homme Primitif.* Par L. WODON. 5. *L'Aryen et l'Anthroposociologie.* Par DR. E. HOUZÉ. 6. *Mesure des Capacités Intellectuelle et Energétique.* Par CH. HENRY. 7. *Origine Polyphylétique, Homotypie, et Non Comparabilité directe des Sociétés Animales.* Par R. PETRUCCI.

These books give us a clear and interesting survey of sociological problems as they appear to thoughtful Belgians. Their tone is throughout optimistic, though difficulties are not ignored. In Group A, book No. 1 has an especial interest for us, as an "8 hours

bill" is within practical politics. The results, too, of shortening the hours of skilled labour appear distinctly encouraging. In *Group A*, No. 4, we get a strong defence of socialism as exemplified by the working of State monopolies. A study of this book might give considerable food for thought to many English opponents of State and municipal action. In fact, the whole of *Group A* would well repay careful study, not only by professed students of social questions, but also by the general public. *Group B*, too, is very valuable as a contribution to our knowledge of somewhat debateable topics about which we have comparatively little certain information. To the "Institut Solvay" a great debt of gratitude is due for its lucid handling of these pressing social problems, with all the charm of the French tongue. In Belgium we see, as on a miniature stage, all those questions that arise when a teeming population is engaged in highly organized industrial pursuits. Conditions there are very similar to those in England. Poverty and degradation abound. Yet in both lands, as in these books is the case, the true note should be one of hope.

BOOKS RECEIVED.

THE RISE OF THE AMERICAN PROLETARIAN. By AUSTIN LEWIS. [213 pp. 8vo. \$1. Kerr. Chicago, 1907.] This volume of the International Library of Social Science traces the growth and awakening of the American proletariat, and prophesies its predominance. Beneath the abnormal conditions of American industry the normal growth of socialism cannot much longer remain hidden.

THE OUTLOOK IN IRELAND. By the RIGHT HON. THE EARL OF DUNRAVEN, K.P. [295 pp. 8vo. 7s. 6d. net. Murray. London, 1907.] The author's name guarantees the interest of this work. His point of view is sufficiently indicated by the sub-title, "The case for devolution and conciliation."

LABOUR AND CAPITAL. By GOLDWIN SMITH, D.C.L. [38 pp. 8vo. 2s. net. Macmillan. New York, 1907.] A "Letter to a Labour Friend," urging the cause of peaceful reform of the present industrial system as against revolutionary socialism.

POLITICAL ECONOMY IN A NUTSHELL. By F. V. LAYCOCK, LL.B. [208 pp. 8vo. 2s. 6d. net. Sonnenschein. London, 1907.] If Political Economy is to be squeezed into so small a receptacle, Mr. Laycock is the one to do it. With the aid of diagrams and varied type the book teaches its lesson well.

- LES INDUSTRIES À DOMICILE EN BELGIQUE**, Vol. VIII. [400 + 200 pp. Large 8vo. 5 frs. Lebègue. Bruxelles, 1907.] Part of a detailed inquiry into the condition of Belgian industries which is being published by the Office du Travail for that country. It is very well done.
- ZUR LEHRE VON DEN BEDÜRFNISSEN**. Von DR. FRANZ ČUBEL. [320 pp. Large 8vo. 10 marks. Wagner'schen Universitäts-Buchhandlung. Innsbruck, 1907.] Stiff, scientific, and terminological.
- AMLAGE VON FABRIKEN**. [528 pp. Large 8vo. 12 marks. Teubner, Leipzig, 1907.] Another volume of the valuable "Handbücher für Handel und Gewerbe." A book by experts for experts, but full of illustrations interesting to all.
- INTERNATIONALE WIRTSCHAFTSPOLITIK**. Von RUDOLF KOBATSCH. [473 pp. Large 8vo. Universitäts-Buchhandlung. Wien, 1907.] Sub-title "Ein Versuch ihrer Wissenschaftlichen Erklärung auf Entwicklungsgeschichtlicher Grundlage."
- ARBEITERAUSSCHÜSSE**. Von HEINRICH KOCH, S.J. [160 pp. Large 8vo. 2 marks. M. Gladbach, 1907.] Another volume of a well-known Catholic series, not seldom reviewed in these columns.
- DEUTSCHES KOLONIALRECHT**. Von DR. EDLER v. HOFFMANN. [150 pp. Small 8vo. 80 pf. Göschen. Leipzig, 1907.] A useful little book representing an interest of growing importance in the German social and political outlook.
- CO-OPERATIVE INDUSTRY**. By ERNEST AVES. [310 pp. 8vo. 5s. net. Methuen. London, 1907.] In addition to the more familiar aspects of the question of Co-operation with which Mr. Aves deals, there is special interest at the present time in his treatment of Co-operative Agriculture, to which an unusually large amount of space is devoted.
- THE WOOLLEN AND WORSTED INDUSTRIES**. By J. H. CLAPHAM. [307 pp. 8vo. 6s. Methuen. London, 1907.] This claims to be the first general sketch published of a subject of special economic interest that has hitherto been treated only in technical books or in newspaper articles. Diagrams and photographs help to make this a most interesting treatment of the subject.
- CAPITAL**. Vol. II. By KARL MARX. (Edited by FREDERICK ENGELS, and translated by ERNEST UNTERMANN). [618 pp. Cr. 8vo. 10s. 6d. Sonnenschein. London, 1907.] Another volume in the Half Guinea International Library. The well-known difficulties

that beset such an undertaking as to edit and translate Marx's MSS. perhaps account for what seems at first the rather prohibitive price of this book. But Marx, more than most economic writers, needs first-hand study.

A HISTORY OF COMMERCE. By CLIVE DAY, Ph.D. [626 pp. 8vo. 7s. 6d. net. Longmans. London, 1907.] An elaborate and exhaustive treatise, such as only American professors seem able to write nowadays, by the author of "The Dutch in Java." The writer combines in a rare degree the qualities of a historian and an economist.

LONDON STATISTICS. Vol. XVII. 1906-7. [534 pp. Large 8vo. 5s. Printed for the London County Council by P. S. King. London, 1907.]

THE A B C ANNOTATED BIBLIOGRAPHY ON SOCIAL QUESTIONS. By S. E. KEEBLE. [103 pp. 8vo. 1s. Kelly. London, 1907.]

AUS DEM AMERIKANISCHEN WIRTSCHAFTSLEBEN. Von J. L. LAUGHLIN. [160 pp. Sm. 8vo. 1.25 mks. Teubner. Leipzig, 1907.]

DIE EXPORTPOLITIK DER KARTELLE. Von Dr. WILLI MORGENROTH. [119 pp. 8vo. 2.80 mks. Duncker. Leipzig, 1907.]

DIE "FREIEN" UND DIE HIRSCH-DUNCHERSCHEN GEWERKSCHAFTEN. [95 pp. Sm. 8vo. 40 pfg. Westdeutschen Arbeiter-Zeitung. M. Gladbach, 1907.]

NEW EDITIONS.

POLITICAL ECONOMY. By CHARLES S. DEVAS. [672 pp. 8vo. 7s. 6d. Longmans. Third edition. London, 1907.] A new edition of Mr. Devas' contribution to the well-known Stonyhurst Philosophical Series.

MANUAL OF POLITICAL ECONOMY. By HENRY FAWCETT. [652 pp. 8vo. 12s. Macmillan. Eighth edition. London, 1907.] Another re-issue of a justly classical work on Political Economy.

THE AGRICULTURAL LABOURER. By T. E. KEEBLE. [176 pp. 8vo. 2s. 6d. Sonnenschein. Fourth edition (abridged). London, 1907.] One of the most successful volumes of the Social Science Series, a reprint of which is particularly opportune at this moment.

THE IMPERIAL GAZETTEER OF INDIA. THE INDIAN EMPIRE, Vols. I., III., IV. [568 + 520 + 552 pp. 8vo. Clarendon Press. Oxford, 1907.] A new edition of a work indispensable to all

Indian students, especially at this time of social and industrial unrest.

LA SCIENCE ÉCONOMIQUE. Par YVES GUYOT. [531 pp. 8vo. 5 frs. Schleicher. Paris, 1907.] A new edition of this well-known book, with much fresh matter and a new preface.

AN INQUIRY INTO SOCIALISM. By THOMAS KIRKUP. [216 pp. 8vo. 4s. 6d. net. Longmans. London, 1907.] Those who are familiar only with this Author's "History of Socialism" will welcome a revised and enlarged edition of the present work, and will find in it the same characteristics of clearness and moderation.

PICTURES OF THE SOCIALISTIC FUTURE. By EUGÈNE RICHTER. (Authorized translation by HENRY WRIGHT). [134 pp. 8vo. 1s. net. Sonnenschein. London, 1907.] These "Pictures," "freely adapted from Bebel" by a well-known Anti-Socialist, may be taken as an antidote to some modern visions of the socialistic millennium: they are no less one-sided. But it is quite time that this "cheap edition" were available.

PRINCIPLES OF ECONOMICS. Vol. I. By ALFRED MARSHALL. [870 pp. Cr. 8vo. 12s. 6d. net. Macmillan. London, 1907.] The fifth edition of this modern classic.

BRITISH INDUSTRIES. Edited by W. J. ASHLEY. [232 pp. 8vo. 5s. 6d. net. Longmans. London, 1907.] The second edition of a very useful handbook to the principal British Industries. Originally designed as lectures before the Faculty of Commerce at Birmingham University, these "Reviews" have obtained the wider circulation that their merits deserved.

END OF VOL. XVII.

